CITY OF REGINA

2007 Annual Report

Year Ended December 31, 2007

City of Regina
Saskatchewan, Canada

2007 Annual Report

Year Ended December 31, 2007

Canadian Award for Financial Reporting

Presented to

City of Regina
Saskatchewan

For its Annual
Financial Report
for the Year Ended

December 31, 2006

A Canadian Award for Financial Reporting is presented by the Government of Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Corporation of the City of Regina for its annual financial report for the fiscal year ending December 31, 2006. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports.

In order to receive the Canadian Award for Financial Reporting, a municipal government must publish an easily readable and efficiently organized annual financial report. The contents of the report must conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.

This is the fifteenth time the City of Regina has received an award for its Annual Financial Report.

The 2006 Annual Report for the City of Regina was prepared by the Finance Department, with contributions from all City Departments and related organizations.

City of Regina, Saskatchewan, Canada

www.regina.ca

Table of Contents

Introduction

Letter of Transmittal 1
Message from the Mayor 3
Vision, Mission & Values 4
2007 City Highlights 5
City Council 12
City Administration 13

Financial Statement Discussion and Analysis 19

Consolidated Financial Statements

Management's Report 32
Auditors' Report 33
Consolidated Statement of Financial Position 34
Consolidated Statement of Financial Activities and Changes in Net Assets 35
Consolidated Statement of Changes in Financial Position 36
Notes to Consolidated Financial Statements 37
Financial Activities by Organization 57
Change in Components of Net Assets 59

General Trust Fund

Auditors' Report 61
Statement of Financial Position 62
Statement of Revenue, Expenditures and Change in Fund Balance 63
Notes to Financial Statements 64

Related Boards and Authorities 66

Introduction

June 19, 2008

To: His Worship, the Mayor
And Members of City Council

I am pleased to submit the City of Regina's Annual Report for the year ended December 31, 2007. The Report is submitted pursuant to Section 155 of The Cities Act includes consolidate financial statements for the City of Regina reporting entity as required by the Public Sector Accounting Standards Board (PSAB). The purpose of this report is to provide financial, statistical and other information about the City of Regina and related entities to allow readers to gain an understanding of the City and the resources available to the City and its efforts to define the outcomes intended to be achieved through its services and people.

The Report consists of the following sections:

- The introduction familiarizes readers with the history of Regina, the political and organizational structure of the City, and the nature and scope of the services provided by the City.
- The strategic focus of Council and its Administration.
- The Financial Statement Discussion and Analysis section provides additional explanation and trend analysis to provide a broader understanding of the financial statements.
- The financial section includes the Consolidate Financial Statements.

The preparation and presentation of the financial statements and related information contained in this annual report is the responsibility of management of the City of Regina. The statements have been prepared on a basis consistent with the recommendations of PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Regina. These entities include: Regina Public Library, Regina Pioneer Village, Regina Regional Economic Development Authority, Buffalo Pound Water Administration Board, Regina Downtown Business Improvement District and Regina's Warehouse Business Improvement District.

City Council appointed the accounting firm of Deloitte & Touche, LLP to perform an independent audit of the City's 2007 financial statements, and their report is included herein. The accuracy and reliability of the financial information is ensured by the City's system of internal controls.

The Finance and Administration Committee reviews the external auditor audit plan, and ensures corrective action is taken for weaknesses identified in the City's internal control system.

As noted, the consolidated financial statements include information on the City's financial position and operating results, along with those of several related entities. The City's operations are typically segmented (General Operating, General Capital, and Utility Operating and Capital) for budgeting and reporting purposes.
For the purpose of the consolidated financial statements, the financial position and results of all the segments are brought together. Based on the consolidate information, the following points are noted for 2007:

The City (consolidated entity) has net assets of **$24.4 million at the end of 2007**, an improvement of **$28.7** from a net liability position of $4.3 at the end of 2006.

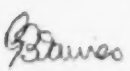
- Total revenues in 2007 $350.6million, an increase of about $22.3 million from 2006.
- Total expenditures in 2007 $323.7million, an increase of about $14.7 million from 2006.

The planning, development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. For 2007, the City's General Operating Fund ended the year with an operating surplus of approximately $5.1 million. The surplus is determined on a basis consistent with the presentation of the 2007 General Operating Budget and is prior to consolidation and application of the PSAB standards.

The City's achievements in providing accurate and articulate financial statements were recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for the 15th consecutive year. GFOA awarded a Canadian Award for Financial Reporting to the City of Regina for its annual financial report for the fiscal year ended December 31, 2006. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

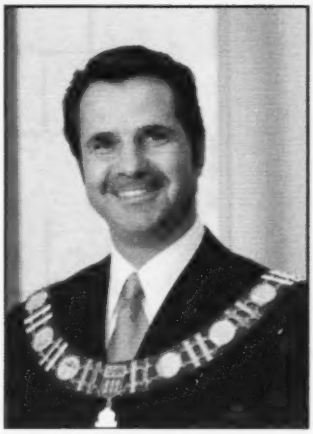
Our early successes notwithstanding, contemporary public sector organizations are increasingly including other reportable information in its reporting to the Board beyond the financials. Consistent with the City's development of a Corporate Strategic Plan and performance measures, Administration will in future years be submitting an Annual Report containing a much broader set of data to help articulate the City's performance. A mid-year "report card" for 2008 will submitted to Council in the near future.

Respectfully submitted,



Glen B Davies
City Manager

Message from the Mayor



Dear Regina Citizens:

2007 ... What a year! 2007 was a year of unprecedented civic pride, vision and planning and a year of incredible progress.

The City of Regina has a new vision for the corporation and for the community. **Imagine Regina 2020 ... Canada's most Vibrant, Inclusive, Attractive, Sustainable community, where people live in Harmony and Thrive in opportunity.**

Regina's incredible pride shines bright and at no time is it more evident than when we pour out our hospitality to the world. We rolled out the red carpet to welcome television's finest performers, producers, and technicians at the 2007 Gemini Awards. And again to welcome Canada's best country music talent and fans at the Canadian Country Music Awards.

Her Royal Highness, the Princess Royal graced Regina's downtown to honour the Royal Regina Rifles as their Colonel-in-Chief on their 100th Anniversary. The Rifles marched on Regina exercising their Freedom of the City right. Regina became the first city besides Ottawa to grant the Freedom of the City to the Royal Canadian Mounted Police. Regina has a special relationship with Canada's police force. Generations of young Canadians diverse in ethnicity, culture, and history have started their careers here in Regina. We hosted the first annual Saskatchewan International Tattoo - a grand spectacle of precision and pageantry.

The I Love Regina proudly campaign celebrated its 5th anniversary and Rider fans celebrated a Grey Cup victory.

We took the Regina pride message to Calgary with the Think Regina mission. Representatives from the City, RREDA and 40 Regina businesses talked with 700 Calgarians about opportunities in Regina.

We are preparing for our growth. To meet the demands of population growth in a manner which is sustainable, efficiently serviced, and provides for a high quality of life, Regina is balancing its growth with a mix of new communities and with creative infill housing projects.

In 2007, we built new partnerships and strengthened existing partnerships with First Nations people through an historic meeting with Southern Saskatchewan First Nations Chiefs and Tribal Council Chairs, the signing of municipal services agreements with the Piapot First Nation and the Star Blanket Cree Nation, and a renewed agreement with the File Hills Qu'Appelle Tribal Council.

The City embarked on new strategies to address challenges with our recreational infrastructure our industrial land base and to ensure that our downtown continues to be vibrant. Regina's experiencing record construction activity. Work began on the Saskatchewan Disease Control Laboratory Building at Innovation Place Regina and the STC building, Wingate Inn, Victoria Place condos, and Broad Street Crossing drew more construction into the downtown.

2007 was another incredible year and we're predicting and even better 2008. Regina's future will continue to be bright and opportunity will abound. Regina will continue to grow, prosper, and succeed.

Sincerely,

Pat Fiacco

Pat Fiacco
Mayor

Vision, Mission & Values

City Council and the administration are committed to providing a strategic focus for the future of our community. On May 14, 2007, City Council adopted a new vision statement.

Imagine Regina 2020 Canada's most:

Vibrant, Inclusive, Attractive, Sustainable Community...
Where people live in harmony
And thrive in opportunity.

- **Vibrant**
  Young people and creative spirits are inspiring dynamic neighbourhoods and an exciting downtown, all of which feature first-rate facilities for health, wellness and artistic expression.
- **Inclusive**
  Our community welcomes people. We live the values of respect and trust and celebrate the strength that comes from our diversity.
- **Attractive**
  Residents and visitors choose Regina because it's clean, green, lively, friendly, affordable and fun!
- **Sustainable**
  People forge a balance between the economic, social, environmental and cultural dimensions of their decisions by serving as stewards of the resources we share and by demonstrating leadership.
- **Harmony**
  Empathy and understanding come from, and lead to, being safe in our homes and neighbourhoods; building strong social networks throughout the community creates synergy and sense of belonging.
- **Thrive**
  The entrepreneurial spirit powers Regina as a centre of success where research, innovation and excellence abound.

Our Mission

We aspire to be the best run
municipality in Canada providing services that enhance
the quality of life.
We serve our community, support the Vision of Council and live our Values.

Our Values

Performance Driven & Accountable
Responsive & Respectful
Innovative & Creative
Focused on Excellence

2007 City Highlights

2007 was another successful year for the City of Regina. A strong economy, high real estate sales and increased population all complemented Regina's vision. The following highlights will showcase new and long standing events and projects that keep Regina moving towards a bright and prosperous future:

Economic Growth & Opportunity

In 2007, Regina's economy continued to gain momentum with several new and renewed initiatives taking place in the Queen City.

- Construction began on the Saskatchewan Disease Control Laboratory at Innovation Place Regina and is expected to be complete by spring 2009. The $52 million project is one of only a handful of Level 3 disease-control laboratories in the country - Atlanta's Centre for Disease Control has the highest rating at Level 4.

- Construction of a $9 million retail development in east Regina includes a Tim Horton's, Sleep Country Canada mattress store and a restaurant.
- The Federal government announced $10 million towards the establishment of the Canadian Police Research Centre to be located in Regina.
- Capital Pontiac and Capital Ford constructed a $25 million auto mall in northwest Regina.
- The Federal government committed $27 million towards an inter-modal facility in the Regina region. The project supports the future sustainability and economic development activities within the Regina Capital Region by establishing Regina as a major transportation hub for western Canada.
- Springboard West Innovations Inc. officially opened its doors for business in 2007. A project several years in the making, Springboard West is a non-profit organization with the goal of commercializing Saskatchewan ideas and innovations into market-ready products and services.
- IPSCO announced plans for a $61 million expansion of its large-diameter pipe-making facility. The expansion will increase capacity by two-thirds to 500,000 tons by early 2008 creating about 50 new jobs.
- Kohl & Frisch Ltd., a wholesale drug company, expanded their Regina operation with a $2.5 million investment and 110 new jobs.

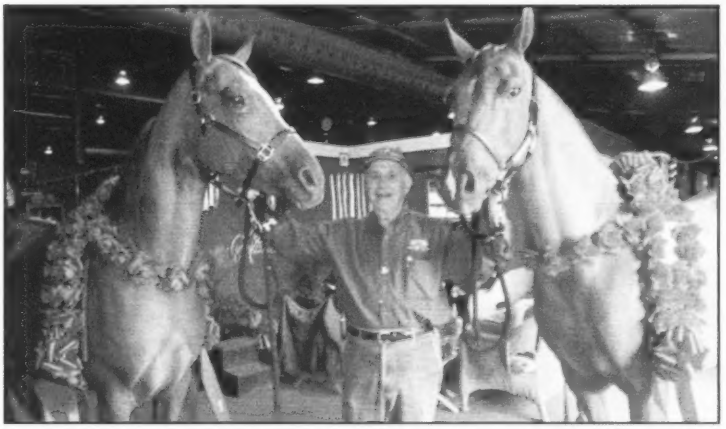
- The former Superstore property on Albert Street will undergo a $20 million redevelopment with a retail, office space and restaurant complex. Approximately 250 - 400 people will be employed in the various businesses.

- Consumers Cooperative Refineries Ltd. announced plans for $1 billion expansion of its Regina refinery. The expansion would increase capacity by 30 percent and is expected to be complete in 2011.

- Innovation Place Regina is adding 71,000 square feet of space at 2 Research Drive. The expansion, expected to be completed in fall 2008, will have the capacity to house 270 employees. The new environmentally-friendly building will employ sustainable design principles centred on energy and water efficiency.

- Designed by world-renown architect Arthur Erickson, the $40 million, 70,000 square foot breathtaking RCMP Heritage Centre opened in May. Attracting about 150,000 visitors a year, the facility boast a 124-seat multi-media auditorium and thousands of artifacts chronicling the Force's 134 year history.

- The Canadian National Arabian and Half-Arabian Championship Horse Show - the Royal Red - renewed its agreement to hold the show in Regina for another five years. The annual economic impact is estimated at more than $5 million.



- The City of Regina celebrated its 20th anniversary of twinning with Jinan, China. During a trip to Jinan, which included several community leaders, city officials and representatives of the Regina Regional Economic Development Authority, a Memorandum of Understanding was signed regarding opening reciprocal business offices in both cities.

Downtown Revitalization

In partnership with Regina Downtown, Regina's downtown has experienced another exciting year of growth and activity. Regina's downtown is the focal point of our community and distinguishes Regina from other cities. The City of Regina is developing a plan to ensure Regina has a healthy and vibrant downtown that is the heart and soul of our community while creating a unique sense of place for all residents and visitors.

- The Nicor Group and Harvard Developments are investing more than $5 million to restore and redevelop the six-story historic Leader Building into a new mixed use complex. Expected to start welcoming tenants in summer 2008, the development includes office and retail on the lower floors and luxury apartments on the upper floors.

- The seven-story, 118-room Wingate Inn is scheduled to open in January 2008.

- The Saskatchewan Transportation Company's new three-level, 90,000 square foot bus terminal and head office is scheduled to open in mid-2008.

- Four new stories of luxury Italian-style pent house suites are being constructed on top of the existing Victoria Place Luxury Condominiums.

- A new 151-stall parkade is being built adjacent to the Government of Canada's Alvin Hamilton Building. It is scheduled to open in late 2008.

- Visitors, businesses and residents can now access wireless Internet free of charge anywhere in the Regina Downtown Business Improvement District.

- One hundred new banners frame Regina's downtown enticing people to Shop … Dine … Stay … and Play in the heart of our city.

- Regina's downtown was alive with pomp and ceremony when Mayor Fiacco granted Freedom of the City to the RCMP. Regina became the only city in Canada besides Ottawa to grant Freedom of the City to the RCMP. The ceremony exemplified the grandeur of Canada's police force with riders on horseback and a sea of red serge. The event was held in conjunction with the opening of the RCMP Heritage Centre and the Saskatchewan International Tattoo.

- Royal watchers lined downtown streets to welcome Her Royal Highness the Princess Royal, Princess Anne. The Princess Royal visited Regina to celebrate the 100th Anniversary of the Royal Regina Rifles. The celebration included the regiment exercising the Freedom of the City and a wreath laying in Victoria Park.

Think Regina

- Forty Regina business and community leaders converged on Alberta to encourage Calgarians to "Think Regina". More than 700 visitors to the tradeshow learned about the employment and investment opportunities offered in Regina. People were lined up at the door waiting for the event to begin and there were still people lingering more than an hour after closing time.

- Part of the ThinkRegina campaign, a city hub website www.thinkregina.com was launched. A resource for new, returning, and existing residents and businesses, the ThinkRegina website is a one-stop shop for everything Regina.

Affordable Housing

- Red Ribbon Place, a $1.8 million affordable housing project consisting of 12 apartment style units for low-income individuals and families opened in August. There is also an attached office space for staff to offer support services such as life and job training, counselling, health information and referral services.

- A Home For All: Regina Community Plan 2007 was developed by the Regina Homelessness Committee. The new plan forms the basis for a cooperative community effort to reduce homelessness and to help individuals make the transition from crisis services to a real home.

- Eleven acres of the former Campion College site will be redeveloped into a mix of residential dwellings including 16 single-detached homes, 22 townhouses, and an apartment building.

Environmental Sustainability

- Three downtown Regina buildings - Hill Tower II, the Bank of Montreal Building and the Agriculture Place Tower - received the Building Owners and Managers Association Go Green distinction. The buildings underwent retrofits and upgrades, improved recycling programs, and other environmentally-friendly efforts which will decrease green house gas emissions by 1,000 tonnes per year.

- Regina-based HTC Pureenergy is launching the world's first modular portable carbon dioxide capture and storage system, which can be retrofitted onto existing power plants or any large industrial greenhouse gas emitter.

- Regina's open space system totals more than 2,000 hectares of neighbourhood, zone and municipal parks, natural areas, pathway system, golf courses, plazas and special use areas. Regina can boast as having one of the highest per capita supply of open space of any municipality in Canada.

- Carrying on with our 100 year history of creating an oasis in the open prairie, the City of Regina planted another 2,000 trees along city roadways adding to our inventory of more than 100,000 street trees.

- The City of Regina, Ducks Unlimited and landowner Bob McKell partnered to conserve more than 100 acres of land to protect it from future development - McKell Wascana Conservation Park. The grassland, through which Wascana Creek flows, has never been tilled and is being preserved as natural prairie.

- The City of Regina purchased three new 30-foot buses that have smaller diesel engines and improved fuel economy. The new technology diesel engines in these buses meet all EPA regulations in place until year 2010. The City also has 19 environmentally-friendly Nova low-floor buses in its fleet.

- The Regina Green Ribbon Committee for Community Climate Change had a successful year in 2007 in engaging the community to take action to reduce emissions. The Vehicle Idling Awareness project received a provincial grant, which was used for anti-idling signage, an advertising campaign, and training school bus drivers on the importance of anti-idling. Nearly 5,000 copies of The Green Book - a guide to conserving energy at home, at work, and on the road - have been distributed. More than 400 commuters registered for the Carpool.ca rideshare program.

- More than 150 new streetlights in the downtown area have been upgraded with new brighter, more energy-effcient lights making the downtown more inviting in the evening. The three-year lighting project is scheduled to be complete in 2008.

- Landfill Gas Collection System at the Fleet Street Landfill will help to reduce potentially harmful greenhouse gas emissions by transforming methane to carbon dioxide and will provide a means for potential use of landfill gas as an energy source. Landfill gas is generated when organic waste decomposes. The gas typically consists of approximately 50 percent methane and 50 percent carbon dioxide. Methane is a potent greenhouse gas that has 21 times the global warming potential than carbon dioxide.

First Nations and Métis Partnerships

As Regina moves into the future, it has become imperative that the Aboriginal community is engaged and able to participate fully in the economy. The City of Regina is committed to working with First Nations and Métis communities developing and renewing several successful partnerships in 2007.

- The City of Regina signed a municipal services agreement with the Piapot First Nation for land owned by the First Nation on the 1100 block of Angus Street. Plans for the development include a gas bar, grocery store and office complex.

- The City of Regina renewed its agreement with the File Hills Qu'Appelle Tribal Council with the signing of a declaration of understanding, which will open doors to cooperative efforts including economic development initiatives, housing projects, and anti-gang strategies.

- City of Regina and the Star Blanket Cree Nation entered into an agreement to allow for continued municipal services to be provided to the First Nations University of Canada site following the designation of this land as an urban reserve. This agreement represents a new level of partnership, cooperation and opportunity for the City of Regina, Star Blanket Cree Nation, and First Nations University. It also meets the City's vision of a community that lives in harmony and thrives in opportunity.

First Nations University of Canada

- The First Nations Veterans Memorial Tipi construction was officially launched at the First Nations University of Canada. The Veterans, Stantec Architects, Graham Construction and Look Matters Inc. web design will all play pivotal roles in the different phases of this project. The Saskatchewan Indian Gaming Authority contributed $1.2-million to the First Nations University of Canada in payments of $200 thousand over six years specifically for the First Nations Memorial Tipi Project. The First Nations Veterans Memorial will bring historical significance and a learning tool for future generations.

- The Native Prairie Area was officially unveiled on the north side of the First Nations University of Canada. The section of land has been designated for the growth of native prairie grass, wildflower seeds, chokecherry trees and other species of shrubs and trees. Upon the consultation of Elders, interpretive signs display the names of the trees and plants in five First Nations languages.

- The First Nations University of Canada hosted its 29th Annual Powwow welcoming 800 singers and dancers with record attendance of more than 6,500 people.

Special Events

Reginans are infamous for their pride and warm hospitality. In 2007, Regina had the honour of hosting new events to the city and celebrating annual events with much enthusiasm.

- Regina welcomed Canada's outstanding country music entertainers at the Canadian Country Music Awards. IPSCO Place's Brandt Centre was filled to capacity with entertainers, producers, managers, songwriters, dignitaries and fans to show the rest of Canada how to bring the house down.

- Regina rolled out the red carpet for Canadian television talent at its best when we hosted the 22nd Annual Gemini Awards. Organizers touted the Conexus Arts Centre as the best facility found in just about any Canadian city to stage a television event such as the Geminis.

- Likely the biggest showcase of Regina's civic pride in 2007 happened in Toronto with the Saskatchewan Roughriders Grey Cup win over the Winnipeg Blue Bombers. The Riders were welcomed home by 8,000 fans at a Mosaic Stadium pep rally and sturdy fans lined a parade route along Albert Street - frigid temperatures couldn't cool the spirits of the Rider nation. To recognize the achievements of the Riders and to capture the spirit of the Rider fans who celebrated the win with respect and enthusiasm, Albert Street between Dewdney Avenue and Legislative Drive has been nicknamed "The Green Mile".

- In late summer, Regina hosts two major music festivals. The first is the Regina Folk Festival, which is the largest folk music festival in Saskatchewan. Canada's oldest continuous symphony orchestra, the Regina Symphony Orchestra, hosts its annual outdoor concert in August called Mozart in the Meadow.

- The year wraps up with the Canadian Western Agribition in November. Over 145,000 attended the 35th Annual Agribition to check out the 4,200 head of livestock in attendance, as well as watch the Finals Rodeo of the Canadian Cowboys Association.

- Reginans opened their hearts and cupboards donating 151 tons of food in the Great Food Fight of 2007 for the Regina and District Food Bank. Regina competed against Winnipeg for collecting the most food in one day the Guinness World Book of Records. While Regina didn't win the challenge, Regina citizens donated 1.55 pounds of food per capita compared to .51 per capita by Winnipeg residents.

City Council

City Council is responsible for the governance of the City of Regina, subject to Provincial legislation. Members of City Council are elected every three years in a municipal election. The next election is Wednesday, October 28, 2009. The Mayor is elected at large. The City of Regina uses a ward system for electing Councillors, with the city divided into ten wards and one Councillor elected in each ward. City Council's primary responsibility is to provide policy direction for the operation of the City. Council also sets the long-range service goals, and approves operating and capital budgets.

The Mayor presides at all meetings of City Council and is the ceremonial head of the municipal government. The Mayor and City Clerk are the municipality's official signing officers. City Council members for the 2006-2009 term are shown below.

Top Row (left to right):
Mike O'Donnell, Ward 8
Louis Browne, Ward 1
Fred Clipsham, Ward 3

Second Row (left to right):
Wade Murray, Ward 6
Jocelyn Hutchinson, Ward 2
Terry Hincks, Ward 9

Centre:
Sharron Bryce, Ward 7

Third Row (left to right):
Michael Fougere, Ward 4
Jerry Flegel, Ward 10
Bill Gray, Ward 5

Front Row:
Mayor Pat Fiacco

City Administration

The City Manager is the Chief Administrative Officer of the City and is appointed by City Council. The City Manager's Bylaw 2003-70 outlines the responsibilities, accountabilities, and authority for the position. The City Manager advises Council on all matters related to the City's programs and services and is responsible and accountable for directing and organizing the administration to achieve the goals and objectives of City Council in the most economic, effective, and efficient manner.

The City of Regina, pursuant to The Police Act, 1990, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration, and operation of the Police Service, the maintenance of law and order within the municipality, and discipline within the Police Service. The annual Police budget must be approved by City Council.

City of Regina Organizational Structure

Regina
CITY OF REGINA

CITY OF REGINA

City Manager's Department

The management of the civic administration of the City of Regina (excluding the Regina Police Service) is the responsibility of the City Manager. Appointed by City Council, the City Manager's authority is established by the City Manager's Bylaw 2003-70 and Regina Administration Bylaw 2003-69. The City Manager is responsible to City Council for the efficient and effective operation of the City in accordance with City Council policies, decisions and bylaws. The City Manager provides executive direction, strategic guidance and governance support on matters of municipal governance, strategy and protocol, and ensures the City operates according to legislative requirements.

The Office of the City Manager also includes the following branches reporting to the Chief of Staff: Communications, Government Relations, Quality and Innovation, Service Regina and Strategic Planning.

The City Manager's Department accomplished major achievements in 2007 including:

- Creating our first, five-year corporate strategic plan: Accelerating Excellence, 2008-2012.
- Executive Leadership Team endorsed the Corporate reorganization to enhance customer service and align with our corporate values.

Community & Protective Services Division

Community & Protective Services is dedicated to engaging and supporting the citizens of Regina. The department contributes to building a safe, healthy and caring community by providing fire and protective services, parks and open space services, community, recreation and cultural programs and services and, public transportation services that respond to the community's needs and expectations. Highlights include:

- In 2007, Fire Services met the 6/10 Minute Response Objective 97.8% of the time thereby surpassing the 90% performance benchmark.
- Introduced a new fitness screening protocol called the York University Firefighter Applicant Fitness Assessment Protocol, which replicates, as closely as possible, the on-the-job requirements of firefighting. The Department uses the new protocol through the University of Regina to screen all supression and rescue candidates.
- Received a Corporate Safety Award by acheiveing 128% reduction in lost time accident frequency rate.
- Recruited and provided orientation training to 29 new firefighters in Suppression and Rescue Division.
- The Transit Department launched the Trip Planner online application which enables tranist passenges to create personalized travel itineraries on Regina Transit. The program provides several possible itineraries including maps, walk distances, and transfer information.
- "The BuZZ," a bus wrapped in advertising on the exterior and interior of the bus, won the Canadian Urban Transit Association's Innovation Award. The award was for the introduction, development and use of the successful innovative techniques.
- Paratransit vehicles were equipped with mobile data computers which track location, speed, and pick-up and drop-off times.
- Received and managed over 125 applications from local film companies requesting use of civic facilities for various filming opportunities.

Corporate Services Division

Created in 2007, the Corporate Services Division provides services and support to both internal and external customers; enabling City operations to maximize effectiveness and potential. The Corporate Services team includes: Financial Services, Information Technology Services, Human Resources, Fleet Services and Facilities and Energy Management. Highlights from 2007 include:

- Several significant new building projects were undertaken, including the first renovation to Henry Baker Hall in over 30 years and the construction of a new facility to replace outdated buildings for both Parks and Facilities & Energy Management staff.

- In the spring of 2007, field turf was installed at Mosaic Stadium at Taylor Field. In November, the Saskatchewan Roughriders hosted their first playoff game since 1988, and the day after the Grey Cup game, the Roughriders and the Grey Cup were welcomed home at Mosaic Stadium.

- The City of Regina's Workforce Diversity Strategy to 2009 was reviewed with Council highlighting a number of initiatives including the establishment of a Workforce Diversity Advisory Committee, respectful workplace training, participation in Career Fairs, and several public presentations of the program. As of September 30, 2007 the City's workforce included 30.22% Women, 7.03% Aboriginals, 4.6% Persons with Disabilities and 1.8% Visible Minorities.

- In 2007, the Division developed a revised Regina Administration Bylaw that focused on improving process efficiency with the corporation and increase in administrative accountability. Early results have shown positive improvements within the organization and an update to City Council will be provided in late 2008.

- The Human Resources Department, through engagement with the organization's staff and management, established the City's first People Practices Strategy to guide the future direction of Human Resources initiatives within the City. In addition, a new Contemporary Workplace definition was developed to define how employees, managers, and supervisors along with other key stakeholders can continue to make the City of Regina a people-centred, customer-focused, and results-oriented work environment.

- The Financial Services Division participated in a joint Municipal/Provincial Committee to review the current gap in funding to municipalities, which resulted in a draft report on redefining the revenue sharing model within Saskatchewan. This report will be considered by the Provincial Government towards establishing a new financial framework for Saskatchewan cities.

Public Works Division

The Public Works Division ensures the City's municipal infrastructure systems are effectively preserved, funded and operated. This division is dedicated to implementing best practices that advance safety, consistency, efficiency, reliability and customer service. Specifically, preserving and operating municipal infrastructure involving roadways, traffic, water, drainage, waste water and solid waste to meet regulatory requirements and community needs.

- In 2007, the City rehabilitated 24 kilometres of its 900 kilometres of paved roads. The 15-year average for summer road work is 19.9 kilometres. Significant projects include:

    - new intersection at Victoria Avenue East and Windsor Park Road
    - completion of the new Diefenbaker Drive from McCarthy Boulevard to Pasqua Street
    - widening of Quance Street at University Park Drive to create new turning bays
    - bridge rehabilitation of the Wascana Creek Bridge at Dewdney Avenue
    - resurfacing and new roadway construction of Courtney Street from 9th Avenue North to Mapleford Gate
    - resurfacing McDonald Street from the Ring Road to 9th Avenue North
    - resurfacing McDonald Street and Ring Road ramps
    - full-depth reclamation of Markwell Drive to Rink Avenue
    - resurfacing Albert Street from Dewdney Avenue to 4th Avenue
    - resurfacing Wascana Parkway from Grant Road to Lakeshore Drive
    - resurfacing Devonshire Drive from Whelan Drive to Wadge Street
    - resurfacing Radway Street from Rochdale Boulevard to Wadge Street
    - replacing curbs and full-depth reclamation of Orchard Crescent, Orchard Road and Orchard Drive

- The new Centre Square Bikeway located in downtown Regina, provides bike-only lanes intended to provide safe and efficient travel for commuters riding through the area. The bikeway is located along Lorne and Smith streets between Victoria and College avenues. Through repainting lines, the street now includes a bike-only lane, a driving lane and a wider parking lane.

- The City of Regina Wastewater Treatment Plant opened the $2.7 million Controls and Services Building in June increasing lab capacity and upgraded facilities. The plant features geothermal heating and cooling. It also recycles methane produced by the wastewater treatment process to power the main boiler system. Regina produces 70 million litres or approximately 24 Olympic-sized swimming pools of wastewater per day.

Planning and Development Division

Planning and Development provides a long-term comprehensive approach to planning, engineering and development processes to ensure the efficient use of land and community infrastructure in creating a city that reflects Council's Vision and the goals of Regina residents. Specifically, the Division encompasses land use, neighbourhood, transportation and infrastructure planning, long-range capital planning, development review, building permits and inspection and real estate services. Highlights from 2007 include:

- $338 million construction was done in the City. This represents a record value of construction for the City.

- In 2007, the Real Estate Branch sold all available industrial lots in Tuxedo Park and Ross Industrial Park. The development of the next phase of Ross Industrial is now proceeding, and 90 acres of land was serviced with water, storm sewers, and sanitary sewers. The subdivision will be completed in 2008 with roads and other utilities, and the new lots are already being marketed.

- The Real Estate Branch resolved terms of sale of a 41 acre parcel of land to the Consumers Cooperative Refinery Ltd, needed by them for their proposed major expansion estimated at $1.9 billion. The property will transfer in 2008.

- Planning is complete for Regina's largest infill development project on the 20 hectare former Anglican Diocese of Qu'Appelle property at College Avenue and Broad Street. Canterbury Park will house up to 600 new housing units and incorporate existing design concepts to emphasize walkability and urban character. Restoration of historic buildings on the site has begun and new construction is expected to begin in 2008.

- A new industrial growth strategy was completed to ensure appropriate land is available for future industrial development

Regina Police Services

The City of Regina, pursuant to The Police Act, 1990, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration and operation of the Service, the maintenance of law and order within the municipality, and discipline within the organization. The annual police budget must be approved by City Council. Highlights from 2007 include:

- Regina Police Service (RPS) announced plans for a third district in 2008. RPS currently operates in north and south districts. The new district would encompass the inner city neighbourhoods including North Central and the Core areas. Operating a third district allows police to better focus on the areas of the city with the greatest need.
- Nineteen new recruits were sworn in by the Regina Police Service in 2007. About 14 are newly created positions, while the rest are retirement replacements.
- Crimes against people, such as assault, robbery, and forcible confinement, are down 10.8 percent. Crimes against property, such as arson, auto theft, and property theft, are down 12 percent. Overall, crime has been reduced by 25 per cent in Regina over the last decade.

Our Future

The City of Regina is entering an exciting new phase of growth and development, as illustrated by the 2007 highlights. The Conference Board of Canada forecasts that Regina's economy will grow on average by 2.2% over the next five years and that the population will continue to grow at a rate of 0.5% over the next five years. Regina is enjoying a very positive atmosphere of entrepreneurship and opportunity. Many others across western Canada are coming to know about Regina's attractiveness, vibrancy and opportunities, and are considering making it home for their families and businesses.

The City continues to face challenges in meeting the needs of citizens. It is limited by a financial framework that is heavily dependent upon property taxes, which do not grow significantly with the economy. To manage within this framework, the City must carefully establish priorities and develop strategies to maximize the value obtained from property taxes. To ensure that actions and strategies achieve Council's Vision, the City developed a five year Corporate Strategic Plan - Accelerating Excellence. The plan provides focus on four strategic priorities for the next five years:

1. Strengthen City Infrastructure and Manage Assets;
2. Ensure Organizational Capacity and Effectiveness;
3. Manage Growth and Community Development; and
4. Achieve Operational Excellence

This focus will ensure the City of Regina continues to provide quality services to our community. The financial information contained within this report is intended to help City Council and the citizens of Regina evaluate the stewardship of the City's financial assets. As the Corporate Strategic Plan is implemented, additional performance measures are being developed to measure progress towards the four strategic priorities and City Council's vision.

Financial Statement Discussion and Analysis

Financial Statement Discussion and Analysis

Introduction

The City of Regina 2007 Annual Financial report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, as required by *The Cities Act, 2002*.

The following financial statement discussion and analysis (FSD&A) was prepared by the City of Regina Administration. It should be read in conjunction with the audited consolidated financial statements and schedules.

Highlights

The 2007 Consolidated Financial Statements report an excess of revenues over expenditures of $26.9 million. This primarily reflects growth in reserves planned to fund significant future capital expenditures such as the wastewater treatment plant refurbishment and expansion. The Net Asset position of the City improved from a $4.3 million net liability position at the end of 2006 to a net asset position of $24.4 million at the end of 2007.

Revenues increased by $22.3 million, while total expenditures increased by $14.7 million from the prior year. Other highlights include:

- Long-term debt including Utility debt decreased by $10.6 million during 2007, from $53.8 million to $43.3 million.
- The City's General Fund Reserve increased by $7.2 million, reflecting a $5.1 million general operating surplus, a significant change in assessment allowance and an increase in land sales.

Demographic and Economic Information

	2007	2006	2005	2004	2003
Population (Census Metropolitan area)	194,971	192,800	192,800	191,400	190,800
Building Permits					
Number	2,175	1,919	1,670	1,776	1,587
Value ($000's)	336,107	276,928	241,529	218,674	215,444
Urban Dwelling Starts	1,114	970	1,060	1,206	746
Inflation Rate for Regina (%)	2.6%	1.9%	2.1%	2.2%	2.3%
Unemployment Rate (%)					
Saskatchewan	4.2%	4.3%	5.1%	5.3%	5.6%
Canada	6.0%	6.3%	6.8%	7.2%	7.6%
Average Selling Price of Homes	$166,000	$132,000	$124,000	$112,000	$104,000

Analysis

Revenues – Budget to Actual and Prior Year Comparison

For the year ended December 31
(in thousands of dollars)

	2007 Budget	2007 Actual	Variance Favourable (Unfavourable)	2006 Actual (restated)	Increase (Decrease)
Taxation	134,802	139,263	4,461	128,936	10,327
Fees and Charges	88,953	96,643	7,690	92,672	3,971
Government Transfers	60,698	55,369	(5,329)	50,515	4,854
Electrical Distribution	24,010	25,378	1,368	23,904	1,474
Licenses, Fines & Levies	7,666	8,441	775	8,724	(283)
Gas Distribution	9,668	8,449	(1,219)	8,710	(261)
Interest and Penalties	6,317	7,003	686	6,470	533
Servicing Agreement Fees	4,226	5,670	1,444	3,970	1,700
Land Sales	1,000	2,337	1,337	3,257	(920)
Other	4,216	2,000	(2,216)	1,048	952
Total	341,556	350,553	8,997	328,206	22,347

Taxation Revenue for 2007 was 3.3% percent above budget primarily because of supplemental taxes, change in appeal risk and new construction in 2007. Taxation revenue for 2007 was higher than 2006 by $10.3 million, or 8.0% due to some growth in assessment value due to new construction and development. As well, the required allowance for outstanding assessment appeals for 2006 was higher than that required for 2007. The City successfully defended assessment appeals for 2003 and 2004 with the City's portion being $2.7 million. An additional $4 million is still to be resolved.

Fees and Charges were about $7.7 million or 8.6% over budget primarily because of higher consumption than anticipated for utility revenues, as well as building permit fees. The increase over 2006 is primarily due to a 4% increase in utility rates required to fund future capital needs.

Electrical and Gas Distribution revenues were about $.1 million, or 0.4% higher than budget; and about $1.2 million above 2006, because of rate increases for electricity offset by decreases in natural gas consumption during 2007. Natural gas prices have been particularly volatile, with decreases in early 2007.

Service Agreement Fees are $1.4 million or 34.2% higher than budget as a result of the timing of development related expenditures.

Expenditures – Budget to Actual and Prior Year Comparison

	2007 Budget	2007 Actual	Variance Favourable (Unfavourable)	2006 Actual (Restated)	Increase (Decrease)
Parks, Recreation and Community Services	77,897	76,924	973	71,177	5,747
Police	50,454	48,492	1,962	46,658	1,834
Legislative and Administrative Services	46,337	44,104	2,233	44,400	(296)
Water, Wastewater and Drainage	50,549	39,415	11,134	40,264	(849)
Roads and Traffic	44,876	40,976	3,900	36,643	4,333
Fire	27,023	26,905	118	27,645	(740)
Transit	26,042	24,602	1,440	21,528	3,074
Waste Collection and Disposal	8,429	11,998	(3,569)	12,794	(796)
Grants	4,171	4,404	(233)	4,171	233
Planning and Development	4,604	5,863	(1,259)	3,716	2,147
Total	340,382	323,683	16,699	308,996	14,687

The schedule above includes both operating and capital expenditures.

For purposes of establishing and monitoring budgets, operating, capital and utility expenditures are considered separately. Overall, the general operating fund expenditures were over budget by less than 1%. The largest variance was in landfill operations where higher volumes due to the strong economy resulted in increased expenses, offset by increased revenues.

There is generally more variability in actuals to budget for capital projects. City Council approves budget funds for each capital project based on the maximum forecast expenditure for the year to accommodate the planning and scheduling requirements associated with capital projects. There is typically a portion of the year's budget carried forward to future years for projects not completed within the fiscal year. For 2007, the carry-forward amount available was $50,611 (2006 - $37,273). The over expenditure for Waste Collection and Disposal and Planning and Development reflect the expenditure of prior years' capital budget amounts in 2007.

Grants expenditures exceeded budget as a result of Community Investments approved by City Council during the year.

General Capital Fund – Budget and Actuals Comparison

For the year ended December 31
(in thousands of dollars)

	Budget 2007	Actual 2007	Actual 2006
Revenues			
Government transfers			
Federal	12,825	10,981	6,100
Provincial	3,555	189	4,403
Developer Contributions	3,410	3,885	2,713
Miscellaneous Revenues	1,930	2,062	1,232
	21,720	17,117	14,448
Expenditures	48,960	40,214	42,137
Net Expenditures	(27,240)	(23,097)	(27,689)

Actual revenues only reflect the funding that is spent in the year referred to. Additional funding may be available for future years.

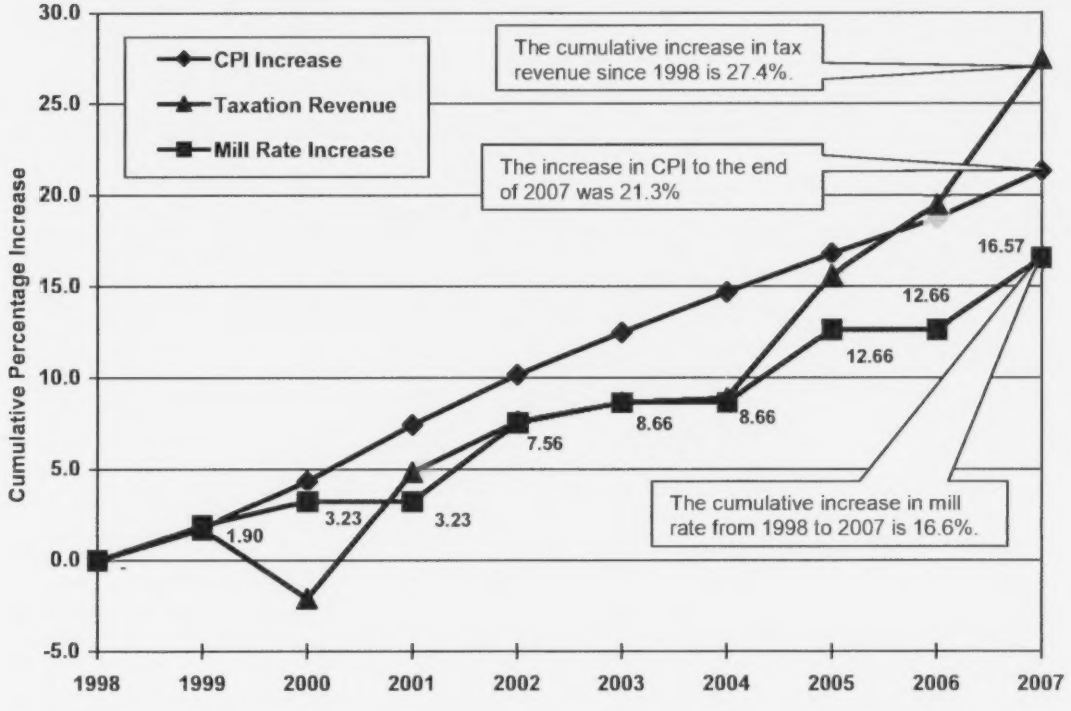
Significant Trends

Revenue Summary
(in thousands of dollars)

	2007	2006 Restated	2005	2004	2003
Taxation	139,263	128,936	124,242	116,399	116,118
Fees and Charges	96,643	92,672	77,964	76,715	76,032
Government Transfers	55,369	50,515	19,684	18,538	23,872
Electrical Distribution	25,378	23,904	22,123	20,760	20,746
Licenses, Fines and Levies	8,441	8,724	9,659	7,911	6,177
Gas Distribution	8,449	8,710	9,431	8,838	9,613
Interest and Penalties	7,003	6,470	6,392	6,101	7,593
Development Charges	5,670	3,970	5,292	4,688	2,957
Land Sales	2,337	3,257	1,107	1,206	2,141
Other	2,000	1,048	2,891	2,797	643
Total	350,553	328,206	278,785	263,953	265,892

Taxation Revenue generally increases with growth and tax rate increases. The following chart shows municipal mill rate increases, taxation revenue and the Consumer Price Index for the past ten years:

Municipal Mill Rate Increase, Tax Revenue Increase and CPI Increase
(Cumulative Increase Since 1998)



Note: Taxation Revenues include Regina Public Library and Business Improvement Districts.

Taxation revenues result from municipal and library taxes levied on all properties in the City and business improvement levies assessed by the Business Improvement Districts on properties in the districts.

Property taxes are calculated by applying a mill rate and mill rate factor to each property assessment. The mill rate and mill rate factor together are known as the tax rate.

Taxable Assessment	x	Mill Rate	x	Mill Rate Factor	=	Property Tax

Taxable Property Assessment
(in thousands of dollars)

Year	Total
2007	6,528,617
2006	6,348,482
2005	6,302,012
2004	5,368,835
2003	5,306,833

Mill Rates

Year	Municipal	Schools	Library	Total	Business Improvement Levies Regina Downtown	Business Improvement Levies Regina's Old Warehouse District
2007	18.3907	19.0166	2.0267	39.4340	1.3107	1.3107
2006	17.6987	18.5528	1.9320	38.1835	1.3107	1.1300
2005	17.6987	18.0264	1.8045	37.5296	1.3107	1.1300
2004	18.6212	19.7247	1.9745	40.3204	1.1300	0.9300
2003	18.6212	19.7247	1.9745	40.3204	1.1300	0.9300

Municipal Mill Rate Factors

Property Class/Subclass	2007	2006	2005	2004	2003
Residential	0.84803	0.84113	0.83423	0.8789	0.8789
Condominiums	0.84803	0.84113	0.83423	0.8789	0.8789
Multiple Family Residential	1.11284	1.19420	1.27557	1.2693	1.2693
Commercial and Industrial	1.34557	1.34557	1.34557	1.19768	1.1900
Exterior Hotels	n/a	n/a	n/a	0.61763	n/a
Golf Courses	0.94826	0.94826	0.94826	0.78000	n/a
Agriculture	1.34557	1.34557	1.34557	1.19000	1.1900

Tax Levies and Collection

(in thousands of dollars)

	2007	2006	2005	2004	2003
Municipal Tax Levy	125,947	116,474	112,666	105,468	105,186
School Boards Tax Levy	115,650	110,209	97,836	107,407	114,512
Library Tax Levy	13,316	12,462	11,576	10,931	10,932
Total Tax Levy	254,913	239,145	222,078	223,806	230,630
Tax Levy Per Capita (in dollars)	1,307	1,240	1,152	1,169	1,209
Tax Arrears at End of Year (prior to Allowance for Doubtful Accounts)	4,543	5,350	5,702	6,772	7,601
Arrears as a % of Total Tax Levy	1.80%	2.24%	2.56%	3.03%	3.30%

Major Property Taxpayers in Regina in 2007

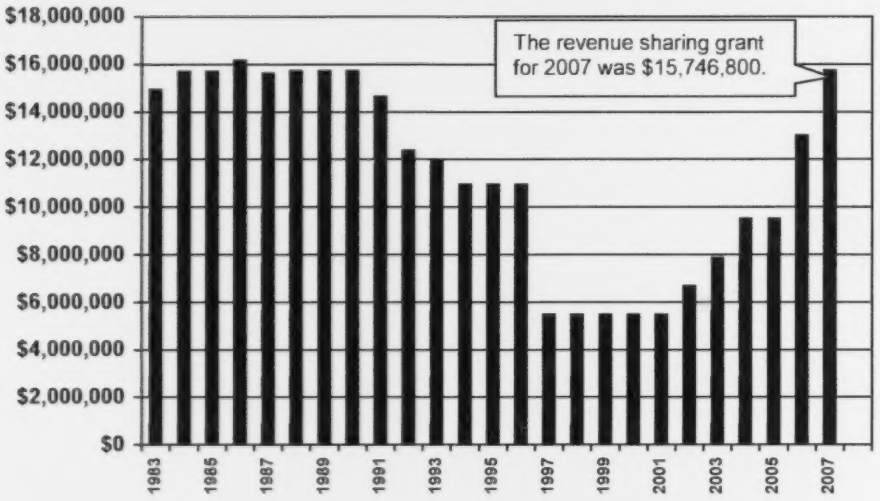
	Registered Owner	Total Taxable Assessment (in thousands of dollars)	% of Total Taxable Assessment
1.	Consumer's Co-operative Refineries Limited	54,632	0.87%
2.	Boardwalk REIT Properties Holdings Ltd.	50,769	0.81%
3.	Borealis Retail Cornwall Centre Inc.	49,997	0.80%
4.	Loblaw Properties West Inc.	34,993	0.56%
5.	Saskatchewan Housing Corporation	33,093	0.53%
6.	Gordon Road Property Holdings Inc.	33,035	0.53%
7.	First Willow Developments Limited	27,419	0.44%
8.	1532652 Ontario Limited	27,406	0.44%
9.	SGC Holdings Inc.	25,627	0.41%
10.	Narland Properties (Victoria Square) Ltd.	25,016	0.40%
11.	Normanview Crossing Inc.	21,012	0.33%
12.	4187415 Canada Inc.	19,575	0.31%
13.	First Roughriders Developments Limited	18,114	0.29%
14.	Regina Airport Authority	15,221	0.24%
15.	Sears Canada Inc.	14,940	0.24%
	Total	450,849	7.18%
	Total 2007 Taxable Assessment	6,276,037	

The list of major taxpayers does not include properties where grants or payments in lieu of property tax are paid.

Fees and Charges revenue has generally increased due to rate increases, with some increase over the past two years due to higher building activity. The largest portion of the increase is attributable to increase in water and sewer utility rates required to fund infrastructure improvements to meet water and sewer treatment quality standards.

Government Transfers includes both operating and capital transfers and reflects the variability in various federal and provincial capital grant programs. The Provincial Revenue sharing grant is the largest single grant program available to the City of Regina. The following graph shows the Provincial Revenue Sharing Grant received by Regina since 1983:

Regina's Revenue Sharing Grant



Electrical and Gas Distribution Revenues reflect a trend of increasing rates for electricity and volatile rates for natural gas. Electrical consumption has been relatively steady over the past ten years. Natural gas consumption has decreased on average about 3% per year for the past four years, but has levelled off for 2007.

Expenditure Summary

(in thousands of dollars)

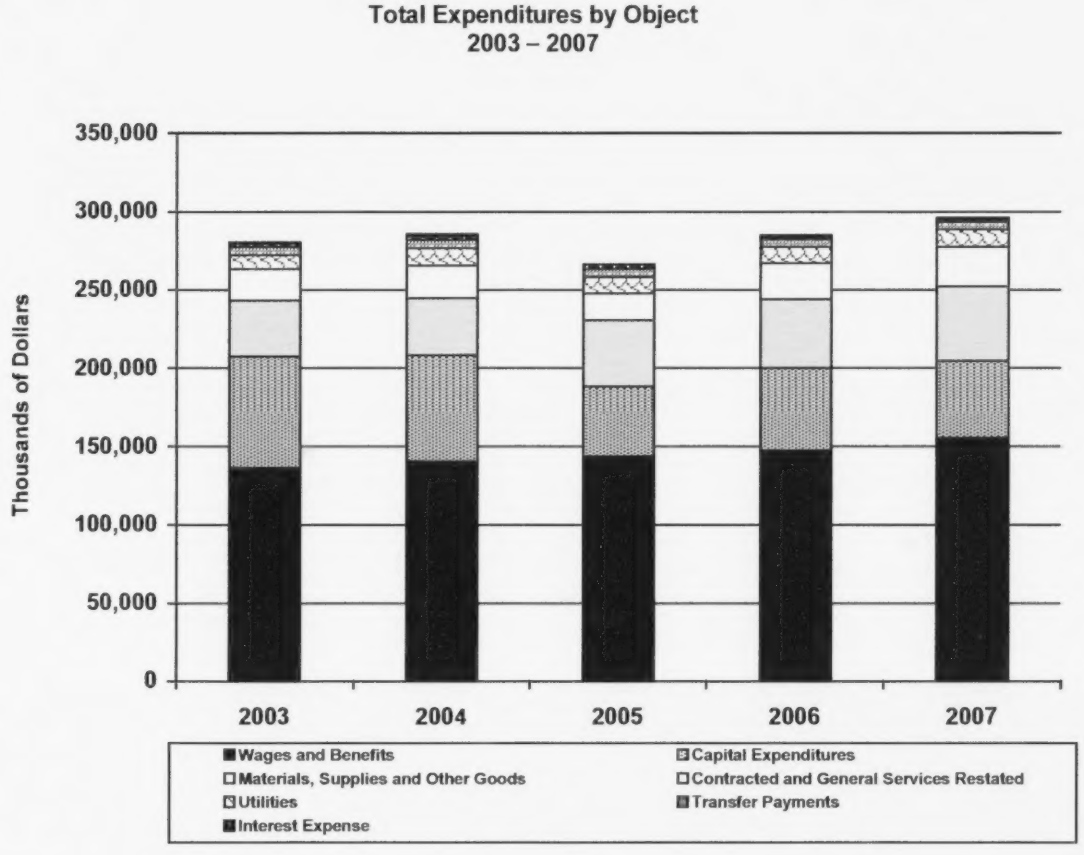
	2007	2006 Restated	2005	2004	2003
Parks, Recreation and Community Services	76,924	71,177	44,599	49,910	45,488
Police	48,492	46,658	45,490	48,179	45,164
Legislative and Administrative Services	44,104	44,400	32,900	40,790	37,505
Water, Wastewater and Drainage	39,415	40,264	40,972	44,401	63,350
Roads and Traffic	40,976	36,643	35,805	41,245	31,277
Fire	26,905	27,645	25,693	24,831	23,984
Transit	24,602	21,528	23,513	19,045	19,624
Waste Collection and Disposal	11,998	12,794	9,125	8,479	7,817
Grants	4,404	4,171	4,168	3,935	3,950
Planning and Development	5,863	3,716	3,837	4,176	3,961
Total	323,683	308,996	266,102	284,991	282,120

Expenditures by Object
(in thousands of dollars)

	2007	2006 Restated	2005	2004	2003
Wages and Benefits	179,141	168,358	143,390	140,329	136,131
Capital Expenditures	49,207	53,563	44,707	68,076	71,958
Materials, Supplies and Other Goods	49,524	44,152	36,489	36,440	35,644
Contracted and General Services	25,407	23,097	22,739	20,508	18,927
Utilities	12,656	11,888	10,700	11,451	10,729
Transfer Payments	5,231	4,879	4,825	4,523	5,227
Interest Expense	2,517	3,059	3,252	3,664	3,504
Total	323,683	308,996	266,102	284,991	282,120

Capital expenditures were significantly higher in 2003 and 2004 because of significant projects including Victoria Avenue East and the Wascana Lake Deepening Project, and higher in 2006 because of increases in transit, water, sewer and street infrastructure renewal capital spending.

The following graph displays the proportion of total expenditures by object:



Financial Position – Net Financial Assets (Liabilities)
(in thousands of dollars)

	2007	2006 Restated	2005	2004	2003
Financial Assets					
Cash	14,563	11,661	11,301	5,836	8,813
Short-Term Investments	57,038	49,432	30,536	14,648	34,633
Accounts Receivable	29,591	36,447	38,002	34,467	30,906
Taxes Receivable	3,214	4,077	4,386	4,972	6,118
Long-Term Investments	75,208	52,349	56,406	79,438	66,473
Total	179,614	153,966	140,631	139,361	146,943
Liabilities					
Accounts Payable and Accrued Liabilities	31,581	30,436	28,222	31,170	31,283
Taxes Payable to School Boards	4,927	11,691	6,939	4,426	5,085
Deferred Revenue	20,648	8,131	7,425	6,473	4,286
Lease Obligations	2,207	2,400	2,124	2,393	2,540
Long-Term Debt	43,290	53,869	55,900	67,500	57,100
Employee Benefit Obligations	36,404	35,821	37,490	39,525	38,593
Landfill Closure and Post Closure	22,450	20,381	15,614	13,640	12,784
	161,507	162,729	153,714	165,127	151,671
Net Financial Assets (Liabilities)	18,107	(8,763)	(13,083)	(25,766)	(4,728)

Investments

Fluctuations in Short and Long Term Investments reflect the timing of debt issues, provincial and federal grants, and the expenditure of the proceeds on various capital projects. The increase for 2007 reflects the receipt of $15 million in Federal Transit Funding to be spent over the 2007 to 2009 period.

Assessment Appeals

Accounts Payable and Accrued Liabilities include standard trade and payroll amounts payable as at December 31. It also includes a contingency amount for potential losses on assessment appeals. There are currently a number of appeals outstanding at various levels of the appeal process relating to assessments for the years 2001 through 2007, with a total risk estimated at about $4.3 million. At the end of 2006, appeals were outstanding for 2001 through 2006, with a total risk of about $7.0 million. The risk is estimated by a review of each appeal including an analysis of the issues raised in the appeal and the potential reduction in assessment value.

During 2007 and early 2008, a number of appeals were resolved. The net impact on 2007 was a decrease of $2.7 million in assessment appeals for the years 2003 and 2004. The lengthy process for resolution of the appeals through the courts results in significant uncertainty in estimating the potential losses for the appeals still outstanding.

City of Regina
Long-Term Debt
as at December 31
(in thousands of dollars)

	2007	2006	2005	2004	2003
Total Debt Outstanding (Beginning of Year)	45,600	55,900	67,500	57,100	66,700
Debt Issued During Year	-	-	-	20,000	-
Debt Repayments During Year	(10,300)	(10,300)	(11,600)	(9,600)	(9,600)
Total Debt Outstanding (End of Year)	35,300	45,600	55,900	67,500	57,100
General Municipal Debt Outstanding (End of Year)	9,800	11,200	12,600	14,000	-
Water and Sewer Utility Debt Outstanding (End of Year)	25,500	34,400	43,300	53,500	57,100
Authorized Debt Limit	94,000	94,000	94,000	94,000	94,000
Total Debt Outstanding	35,300	45,600	55,900	67,500	57,100
Debt Per Capita (in dollars)	181	237	290	353	299

In 2007, Standard & Poor's affirmed its 'AA+' credit rating with a stable outlook for the City based on the city's very strong financial performance. The rating reflects the City's modest debt burden and robust cash and investment holdings. The rating indicated that these strengths are partially offset by constraints on the City's financial flexibility that are greater than those faced by most other rated comparable Canadian municipalities.

The City's tax-supported debt was $9.8 million at the end of 2007, while debt incurred to fund the water and sewer utility was $25.5 million for a total of $35.3 million. The City last issued $20 million in debt in 2004, and it is expected that borrowing in the range of $100 million will be required over the period 2008-2011 to finance improvements to the City's wastewater treatment facilities. City Council has approved borrowing of $25.5 million in the 2008 budget, of which $20 million is for the City's contribution to the Ipsco Place Revitalization Project.

The City of Regina's authorized debt limit was $94,000 as at December 2007. The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Cities Act*. The City received approval on May 26, 2008 from the Saskatchewan Municipal Board to increase the debt limit to $200 million to support future capital financial requirements.

Regina Pioneer Village Ltd.
Long-Term Debt
as at December 31*
(in thousands of dollars)

	2007	2006
Regina Pioneer Village Mortgages (End of Year)	5,959	6,178
Regina Pioneer Village Debentures (End of Year)	2,031	2,091
Total Debt Outstanding (End of Year)	**7,990**	**8,269**

* Based on audited financial statements of Regina Pioneer Village Ltd. as at March 31, 2007.

The decrease in mortgages and debentures is due to payment of principal and debt.

Debt Service Costs
(in thousands of dollars)

	2007	2006	2005	2004	2003
General Municipal Debt					
Principal	1,400	1,400	1,400	-	-
Interest	474	511	549	470	-
	1,874	1,911	1,949	470	-
Water and Sewer Utility					
Principal	8,900	8,900	10,200	9,600	9,600
Interest	1,646	2,007	2,500	2,988	3,289
	10,546	10,907	12,700	12,588	12,889
Total	12,420	12,818	14,649	13,058	12,889
Debt Service Costs as a Per Cent of Total Expenditures	4.2%	4.5%	5.5%	4.6%	4.5%
Debt Service Costs as a Per Cent of Total Revenues	3.7%	4.2%	5.3%	4.9%	4.8%

Employee Benefit Obligations

Since 2003, the increase in Employee Benefit Obligations, primarily reflects the impact of general wage rate increases on vacation pay. In 2006, approximately $4.2 million was paid out for vested sick leave on termination including retirements with the payments dropping to a more typical level of about $1.1 million for 2007. As a larger proportion of the City's work force reaches retirement age over the next five to ten years, the cash expenditures relating to this obligation will continue to be significant.

This amount also includes the liability for the Regina Police Pension and the Chief of Police Pension Plans only. The Regina Civic Superannuation and Benefits Plan includes a larger group of employees, but since it is a multi-employer plan, it is not possible to determine the City's portion of any actuarial surplus or deficit and thus no amount is included in the Statement of Financial Position for this plan. As disclosed in Note 8 to the Financial Statements, an actuarial extrapolation completed for the plan for accounting purposes indicates a surplus of net assets available for benefits of $45,948 (2006 – $57,162 surplus).

For funding purposes, the plan was required to complete an actuarial valuation on both a going concern and a solvency basis for December 31, 2005. The valuation for solvency purposes requires any shortfall to be funded over a five-year period. The valuation was completed during 2006 and a solvency deficiency required either a significant increase in contribution rates or a decrease in benefits. The Plan approved a reduction in benefits relating to terminated employees effective January 1, 2007. This reduced the total current contribution rates for the City and the members from an average rate of 20.3% of pensionable earnings to 19.2%. The following table shows the City's contributions to the Plan for the past five years:

	2007	2006	2005	2004	2003
City of Regina Employer Contributions	9,725	10,212	9,040	8,569	5,429

(in thousands of dollars)

Reserves

As at December 31
(in thousands of dollars)

	2007	2006	2005	2004	2003
Reserves					
City of Regina Reserves	60,604	44,873	30,640	30,658	45,174
Group Benefits Reserves	7,450	6,830	6,682	5,728	5,150
Other Entities Reserves	7,085	6,103	4,777	4,509	4,259
Total	75,139	57,806	42,099	40,895	54,583

Reserve balances totalled $75 million at the end of 2007 (2006 - $58 million).

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements. The largest reserve is the General Fund Reserve, which is intended to provide funding in the event of an operating deficit, as well as for one-time initiatives. This reserve balance decreased substantially from $19 million at the end of 2003 to $8 million at the end of 2004, but increased by about $15 million during 2005 to 2007 primarily because of the City's general operating fund surplus and land sales. The reserves represent amounts that Council has funded through annual operating revenues for future requirements. The financial statements include a number of liabilities which will be funded from future revenues. These amounts are reflected in Note 12 to the Financial Statements as Obligations to be Paid from Future Revenues, and include amounts related to the Employee Benefit Obligations, Long Term Debt and the Landfill Closure and Post-Closure costs.

Physical Assets

Currently the Public Sector Accounting Board (PSAB) guidelines require that amounts spent for capital assets be recorded as expenditures at the time the asset is acquired. In March 2007, PSAB issued a revised Handbook section 3150, which will require local governments to report all tangible capital assets as assets on the Statement of Financial Position and provide for amortization over the expected useful lives. This change will significantly impact the City of Regina's financial statements. Implementation is required for the 2009 financial statements. The Administration has developed a project plan to be carried out over 2008 and early 2009.

Looking Forward

Regina is entering an exciting new phase of growth and development. Building permits continue to hit record levels and the population is growing. Regina is receiving wide recognition as an attractive, vibrant, inclusive and thriving city – a great place to work, raise a family or start a business.

The City itself faces challenges with funding the infrastructure needed to support this growth as well as the existing infrastructure gap. Revenue growth from new development is expected to be higher in 2008 than previous years by about $3 million. However, the growth is not sufficient to keep pace with operating expenses or increased capital requirements.

To develop the 2008 budget, the City used all tools at is disposal, including a focus on priorities established through City Council's Vision and the Corporate Strategic Plan - *'Achieving Excellence'*. During 2007, servicing agreement fees were adjusted to appropriate levels to fund development related infrastructure. City Council approved a 9% increase in utility rates to provide the adequate funding needed for the wastewater treatment plant refurbishment and expansion. The budget development process included

careful consideration of debt to support strategic capital initiatives. A key factor in the ability to produce a balanced budget was the recognition of the limited ability to increase capital projects in the short term in light of the hot construction market.

In its 2008/09 Budget, the Province announced a 7% increase in revenue sharing for municipalities. A month later, in recognition of its commitment to the Municipal Sector Strategic Plan and increasing provincial revenues, it announced a further 8% increase. This funding, totalling about $2.5 million, allowed the City to reduce its required mill rate increase for 2008 from 3.9% to 2.84%. The province has further indicated its commitment to the municipal sector by promising a revised revenue sharing formula, linked to growth in Provincial revenues, in the fall of 2008.

These commitments represent a growing recognition of the need for a fundamental change in the revenue framework for cities – critical for our future success.

Consolidated Financial Statements

MANAGEMENT'S REPORT

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and all other information contained in this Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The preparation of the statements necessarily includes some amounts, which are based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial records are reliable for the preparation of financial statements.

The Finance and Administration Committee, established by City Council, comprises five elected officials, along with the Mayor as an ex-officio member. The Committee, in addition to considering a variety of financial and administrative issues, reviews the content of the annual financial report for presentation to City Council, and reviews external audit reports.

Deloitte & Touche LLP, Chartered Accountants, the City's appointed external auditors, have audited the consolidated financial statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Glen Davies
City Manager

Brent Sjoberg
General Manager, Corporate Services

June 11, 2008

Deloitte

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www.deloitte.ca

Auditors' Report

To His Worship the Mayor and Members of City Council

We have audited the consolidated statement of financial position of the City of Regina as at December 31, 2007 and the consolidated statements of financial activities and changes in net assets, and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Regina as at December 31, 2007, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
June 11, 2008

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31, 2007

	2007	2006 (Restated - Note 2)
FINANCIAL ASSETS		
Cash	**14,563**	11,661
Short-term investments (Note 4)	**57,038**	49,432
Accounts receivable	**29,591**	36,447
Taxes receivable (Note 14)	**3,214**	4,077
Long-term investments (Note 5)	**75,208**	52,349
	179,614	153,966
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	**31,581**	30,436
Taxes payable to school boards	**4,927**	11,691
Deferred revenue	**20,648**	8,131
Capital lease obligations (Note 6)	**2,207**	2,400
Long-term debt (Note 7)	**43,290**	53,869
Employee benefit obligations (Note 8)	**36,404**	35,821
Landfill closure and post-closure (Note 9)	**22,450**	20,381
	161,507	162,729
NET FINANCIAL ASSETS (LIABILITIES)	**18,107**	(8,763)
NON-FINANCIAL ASSETS		
Property held for resale (Note 11)	**231**	267
Materials and supplies	**6,059**	4,155
NET ASSETS (LIABILITIES) (Note 12)	**24,397**	(4,341)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN NET ASSETS

(in thousands of dollars)

For the year ended December 31, 2007

	Budget (Unaudited) 2007	**Actual 2007**	Actual 2006 (Restated - Note 2)
REVENUE			
Taxation (Note 14)	134,802	**139,263**	128,936
Fees and charges	88,953	**96,643**	92,672
Government transfers (Note 15)	60,698	**55,369**	50,515
Electrical distribution	24,010	**25,378**	23,904
Licenses, fines and levies	7,666	**8,441**	8,724
Gas distribution	9,668	**8,449**	8,710
Interest and penalties	6,317	**7,003**	6,470
Development charges	4,226	**5,670**	3,970
Land sales	1,000	**2,337**	3,257
Other	4,216	**2,000**	1,048
	341,556	**350,553**	328,206
EXPENDITURES			
Parks, recreation and community services	77,897	**76,924**	71,177
Police	50,454	**48,492**	46,658
Legislative and administrative services	46,337	**44,104**	44,400
Water, wastewater and drainage	50,549	**39,415**	40,264
Roads and traffic	44,876	**40,976**	36,643
Fire	27,023	**26,905**	27,645
Transit	26,042	**24,602**	21,528
Waste collection and disposal	8,429	**11,998**	12,794
Grants	4,171	**4,404**	4,171
Planning and development	4,604	**5,863**	3,716
	340,382	**323,683**	308,996
EXCESS OF REVENUE OVER EXPENDITURES		**26,870**	19,210
Increase in non-financial assets		**1,868**	329
INCREASE IN NET ASSETS		**28,738**	19,539
NET LIABILITIES, BEGINNING OF YEAR AS RESTATED (Note 2)		**(4,341)**	(23,880)
NET ASSETS (LIABILITIES), END OF YEAR		**24,397**	(4,341)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands of dollars)

For the year ended December 31, 2007

	2007	2006 (Restated - Note 2)
CASH PROVIDED BY		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**26,870**	19,210
Net change in non-cash working Items		
Decrease in accounts receivable	**6,856**	1,883
Decrease in taxes receivable	**863**	309
Increase in accounts payable and accrued liabilities	**1,145**	1,095
(Decrease) increase in taxes payable to school boards	**(6,764)**	4,752
Increase (decrease) in deferred revenue	**12,517**	(554)
(Decrease) increase in capital lease obligations	**(193)**	276
Increase (decrease) in employee benefit obligations	**583**	(3,110)
Increase in landfill closure and post-closure liability	**2,069**	4,767
	43,946	28,628
INVESTING ACTIVITIES		
Net purchase of short-term investments	**(7,606)**	(17,954)
Net purchase of long-term investments	**(22,859)**	(2,755)
	(30,465)	(20,709)
FINANCING ACTIVITIES		
Long-term debt retired	**(10,579)**	(10,452)
	(10,579)	(10,452)
INCREASE (DECREASE) IN CASH POSITION	**2,902**	(2,533)
CASH POSITION, BEGINNING OF YEAR	**11,661**	14,194
CASH POSITION, END OF YEAR	**14,563**	11,661

See accompanying notes to consolidated financial statements.

December 31, 2007

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Regina (the City) are prepared by management in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, changes in net assets and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the City for the administration of their financial affairs and resources and which are owned or controlled by the City, namely:

- General operating and capital funds
- Water and sewer utility operating and capital funds
- Regina Public Library
- Regina Regional Economic Development Authority
- Regina Downtown Business Improvement District
- Regina's Old Warehouse Business Improvement District
- Regina Pioneer Village Ltd.

Inter-departmental and inter-organizational transactions and balances have been eliminated.

The City has an interest in the Buffalo Pound Water Administration Board, a government partnership, that is proportionately consolidated.

Revenue and expenditure recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenue is based on assessments determined in accordance with Provincial legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded net of a provision for potential losses on outstanding assessment appeals and uncollected taxes. By their nature, these provisions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material (See Note 14). Penalties on overdue taxes are recorded in the period levied.

Electrical distribution revenues consist of the municipal surcharge and payments in lieu of taxes received from SaskPower. The municipal surcharge revenue and payments in lieu of taxes are equal to 10% and 5% respectively of the value of the supply of electrical energy provided by SaskPower to customers within the City of Regina limits.

Gas distribution revenues mainly consist of the payments in lieu of taxes received from SaskEnergy and TransGas. The payment in lieu of taxes received from SaskEnergy is equal to 5% of the fees levied by SaskEnergy to customers within the City of Regina limits. The payment in lieu of taxes received from TransGas is equal to 5% of the transportation fees and the deemed value of the gas transmitted by TransGas to consumers within the City of Regina limits. Pursuant to an agreement with the City for two major consumers who are served by TransGas, the 5% payments to the City in lieu of taxes are based on the transportation costs and the deemed value of the fuel stock consumed.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates can be made.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles as recommended by PSAB requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

Investments

All investments are recorded at cost less write downs to reflect permanent declines in value. Investment transactions are accounted for at the trade date. Interest income is recorded on the accrual basis.

Materials and supplies

Inventories of materials and supplies are valued at average cost.

Taxes collected for others

The City collects taxes for the Regina Separate School Board and the Regina Public School Board. These taxes which are not included in the City's financial results, are remitted to the respective Boards less an amount to offset cancellations relating to school taxes and the City's cost in carrying the receivables.

Deferred revenue

The City receives servicing agreeement fees, payments in lieu of parking and payments in lieu of dedication of land for public reserve under the authority of provincial legislation and City bylaws. The City also receives special taxes levied pursuant to Section 275 of *The Cities Act* which are to be expended on alley maintenance, and rent revenue received from the Saskatchewan Roughriders football club which is to be spent on upgrading Taylor Field. As well, the City receives various government grants for special programs offered by either the Provincial or Federal governments. These funds are restricted as to their use and are not recognized as revenue until the fiscal period in which they are used to make qualifying expenditures.

Deferred revenue also includes monies received in advance for taxes, transit passes, servicing and sub-division revenue, prepaid cemetery revenue and pre-season sales from the various recreational facilities.

Employee benefit plans

The City participates in contributory defined benefit or defined contribution pension plans for virtually all of its employees. Under the defined contribution plan, the City's obligations are limited to its contributions. These contributions are expensed in the period in which they are due and payable.

For defined benefit pension plans considered to be single-employer plans, the cost of pension benefits is actuarially determined using the projected benefit method prorated on service and the pension plan administrator's best estimate of expected salary and benefit escalation and retirement ages of employees. Market rates are used to measure the accrued benefit obligation as well as the assets of the pension plans. Actuarial gains and losses on pension obligations and/or pension fund assets are amortized over the average remaining service life of the related employee groups.

For defined benefit plans considered to be multi-employer plans, the contributions are expensed when they are due and payable.

The City has various post-employment benefits and termination benefit obligations earned by employees and expected to be provided to them when they are no longer providing active service.

The obligations for vested sick leave, service or retirement allowances and other post-employment benefits have been determined on an actuarial basis. The obligations for vacation pay and banked time in lieu of overtime have been accounted for at an undiscounted value at the current rate of pay.

Capital assets

Expenditures on capital assets are recognized as expenditures in the period the assets are acquired or constructed.

Budget information

Unaudited budget information is presented on a basis consistent with that used for actual results.

2. ACCOUNTING CHANGE

During 2007, the City changed its accounting policy in relation to Regina Pioneer Village Ltd. ("RPV"). The City's consolidated financial statements for the prior fiscal year were restated in accordance with classification of RPV as a controlled not-for-profit organization. Previously the City's investment in RPV was accounted for using the modified equity method on the basis that RPV was a government business enterprise. Management has concluded that RPV is a controlled not-for-profit organization and accordingly the current and prior year's financial statements now reflect the individual assets, liabilities, revenues and expenditures of the RPV on a consolidated basis. The consolidation of RPV has been accounted for retroactively, and accordingly the comparative figures for the year ended December 31, 2006 have been restated.

During 2007 the City continued to review its ongoing relationship with respect to RPV in light of funding constraints that impact RPV's ongoing operations and in light of the adoption of not-for-profit accounting principles by RPV in its fiscal 2007 year. RPV is a not-for-profit corporation that operates a special care home, housing accommodations and other related services through its two wholly-owned not-for-profit corporate subsidiaries. RPV's year-end is March 31, and the results of RPV have been included to March 31, 2007. RPV has experienced funding shortfalls for several years and is expecting a shortfall for fiscal 2008. Under *The Cities Act, 2002*, the City does not have responsibility for provision of health care services. Health care services were transferred to the Province prior to 1991, consequently, the City of Regina does not accept responsibility for any funding shortfall for RPV. The City and Board of RPV are continuing discussions with the Regina Qu'Appelle Health District, which is the primary funder, to address the funding shortfall. The City has not provided any guarantee for debts incurred by RPV (see note 7). As a result of the review, the City concluded that RPV is a government controlled not-for-profit organization rather than a government business enterprise. Therefore, it was determined that the operation of Regina Pioneer Village Ltd. should be consolidated within the City's financial statements, as is appropriate for not-for-profit organizations controlled by the City.

To be consistent with the City's current policies in respect of capital expenditures the capital assets of RPV are not reflected in the City's consolidated financial statements. The following adjustments were made to the City's 2006 financial statements as a result of the change in accounting policy:

ACCOUNTING CHANGE (cont'd)

2006 Financial Statement Amount	Balance Previously Reported	Adjustment	Balance as Restated
FINANCIAL POSITION			
Cash	9,041	2,620	11,661
Short-term investments	48,539	893	49,432
Accounts receivable	35,547	900	36,447
Long-term investments	58,597	(6,248)	52,349
Accounts payable and accrued liabilities	28,819	1,617	30,436
Deferred revenue	6,760	1,371	8,131
Employee benefit obligations	34,137	1,684	35,821
Long-term debt	45,600	8,269	53,869
Materials and supplies	4,094	61	4,155
NET ASSETS (LIABILITIES), END OF YEAR	10,374	(14,715)	(4,341)
FINANCIAL ACTIVITIES AND CHANGES IN NET ASSETS			
Taxation	129,039	(103)	128,936
Fees and charges	86,220	6,452	92,672
Government transfers	32,738	17,777	50,515
Interest and penalties	6,369	101	6,470
Parks, recreation and community services expenditures	47,063	24,114	71,177
INCREASE IN NET ASSETS	19,363	176	19,539
NET LIABILITIES, BEGINNING OF YEAR	(8,989)	(14,891)	(23,880)
NOTE 12 - NET ASSETS (LIABILITIES)			
Regina Pioneer Village Ltd	6,248	(4,762)	1,486
SCHEDULE 2 - CHANGE IN COMPONENTS OF NET ASSETS			
OPENING BALANCE - Unrestricted	6,644	(4,762)	1,882
OPENING BALANCE - Obligations to be paid from future revenues	(100,137)	(9,953)	(110,090)
NOTE 18 - OPERATING EXPENDITURES BY OBJECT			
Wages and benefits	147,475	20,883	168,358
Capital expenditures	53,053	510	53,563
Material, supplies and other goods	43,301	851	44,152
Contracted and general services	22,851	246	23,097
Utilities	10,617	1,271	11,888
Interest	2,707	352	3,059

3. FUTURE ACCOUNTING POLICIES

Tangible Capital Assets

In September 2006, the CICA revised Section PS 3150, *Tangible Capital Assets*. This section establishes standards on how to account for and report tangible capital assets in government financial statements. For fiscal years commencing after January 1, 2009, the City will be required to report tangible capital assets in its consolidated finanical statements.

The City is currently working toward obtaining the necessary information in order to comply with PS 3150. For 2007, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available. The City is currently working on a plan to implement PS 3150 but as at Decemeber 31, 2007 the City does not have detailed tangible capital asset information to discolse. For the year ended Decemeber 31, 2007 tangible capital expenditures incurred during the year are recorded as capital expenditures in the consolidated statement of financial activities.

4. SHORT-TERM INVESTMENTS

Short-term investments are recorded at cost and have a market value approximating cost. The investment is in a money market fund, holdings of which may include a combination of treasury bills, commercial paper, bankers' acceptances or promissory notes. The average yield earned from investments was 4.86% (2006 - 4.34%). Regina Pioneer Village Ltd. holds short-term restricted cash in 2007 for $742,000 (2006 - $894,000).

5. LONG-TERM INVESTMENTS

Long-term investments include investments in a pooled bond fund.

	Carrying Value		Market Value	
	2007	2006 (Restated - Note 2)	**2007**	2006
Pooled bond fund	**75,208**	52,349	**75,077**	53,047

A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

6. CAPITAL LEASE OBLIGATIONS

The following is a schedule of future minimum lease payments under capital leases for computer equipment, software and building contracts along with the balance of the capital lease obligation:

2008	**754**
2009	**614**
2010	**403**
2011	**253**
2012	**229**
Thereafter to 2014	**458**
Total minimum lease payments	**2,711**
Less amount representing interest (5.5%-9.25%)	**(504)**
Capital lease obligations	**2,207**

7. LONG-TERM DEBT

Debenture debt

The City's long term debt consists of unsecured debentures issued in the form of fully registered certificates held by The Canadian Depository for Securities Ltd. ("CDS"), on behalf of beneficial owners as direct and indirect participants of CDS. The debentures were issued for 10 year terms with principal and interest payable semi-annually.

Long-term debt also includes debentures payable to RPV unit holders of accommodation units. In the event of the death of a unit holder or termination of occupancy agreement by either party, RPV is required to pay the unit value, the lesser of the original sum or the fair market value of the holder's right of use. The debentures are non interest bearing and are secured by the Regina Village Housing Corporation, a wholly owned subsidiary of Regina Pioneer Village Ltd.

Mortgages Payable

Long-term debt also includes the mortgages of RPV with terms ranging from 8-15 years. Land and buildings of RPV are pledged as collateral for the mortgage loans. The City has provided no guarantee on the mortgages.

Bank Indebtedness

Pursuant to *The Regina Administration Bylaw 2003-69*, the City can incur bank indebtedness. Interest on this indebtedness is calculated at the prime rate of interest less 0.5%, payable monthly and the City has pledged certain revenues as security for the debt obligation. At December 31, 2007, the City had no bank indebtedness. In 2008, the City received approval from the Saskatchewan Municipal Board to increase the debt limit to $200 million.

	2007	2006
City of Regina unsecured debentures		
Operating fund	**9,800**	11,200
Utility fund	**25,500**	34,400
RPV mortgages	**5,959**	6,178
RPV debentures	**2,031**	2,091
Total debt	**43,290**	53,869
Authorized debt limit	**94,000**	94,000
Interest rates	**3.80 - 7.88%**	3.35 - 7.88%
Interest costs for year	**2,321**	2,870

The debenture debt is repayable as follows:

2008	**7,530**
2009	**6,243**
2010	**6,256**
2011	**6,270**
2012	**6,285**
Thereafter to 2022	**10,706**
	43,290

8. EMPLOYEE BENEFIT OBLIGATIONS

The City's employee benefit obligations are as follows:

	Funded	To be funded in future	Total 2007	Total 2006
a) Defined benefit pension plans				
Regina Police Superannuation and Benefits Plan	-	(225)	(225)	2,020
Chief of Police	625	(288)	337	358
Regina Police Civilian Employees' Early Retirement	-	277	277	380
	625	(236)	389	2,758
b) Other benefit plans				
Termination payments	695	13,697	14,392	13,131
Continuation of group life, medical and dental benefits	208	6,830	7,038	4,984
	903	20,527	21,430	18,115
c) Other plans and arrangements				
Vacation	194	12,020	12,214	12,128
Overtime	-	2,057	2,057	1,900
Other termination payments and pensions	46	129	175	491
Group life, medical and dental plans	139	-	139	429
	379	14,206	14,585	14,948
Total	1,907	34,497	36,404	35,821

a) Defined benefit pension plans

The Regina Police Pension Plan and the Chief of Police Pension Plan are defined benefit pension plans. As required by provincial legislation, actuarial funding valuations are completed at least triennially.

The Regina Police Civilian Employees' Early Retirement Benefits Arrangement is a defined benefit arrangement augmenting the Regina Police Pension Plan. If a member of the Regina Police Pension Plan retires prior to eligibility for Canada Pension Plan (CPP) benefits, the City pays benefits equivalent to the CPP benefits the member would receive at the CPP retirement age until the member starts to receive actual CPP benefits. Contributions are not required from members.

Actuarial valuations of the defined benefit pension plans are performed using the projected benefit method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the financial statements.

December 31, 2007

The results of the most recent actuarial valuations and significant assumptions utilized in these valuations are as follows:

	Police	Chief of Police	Police Civilian Employees' Early Retirement	Total 2007	Total 2006
Fair value of plan assets, beginning of year	**120,587**	**652**	**-**	**121,239**	109,158
Employer contributions	**4,427**	**11**	**-**	**4,438**	4,331
Employee contributions	**-**	**12**	**-**	**12**	12
Actual return on plan assets	**2,283**	**25**	**-**	**2,308**	13,802
Less benefits paid	**(6,545)**	**-**	**-**	**(6,545)**	(6,064)
Fair value of plan assets, end of year	**120,752**	**700**	**-**	**121,452**	121,239
Accrued benefit obligation, beginning of year	**114,710**	**951**	**380**	**116,041**	105,424
Current period benefit cost	**3,181**	**36**	**19**	**3,236**	2,908
Interest on accrued benefit obligation	**7,629**	**67**	**26**	**7,722**	7,268
Actuarial (gains) losses	**-**	**325**	**-**	**325**	6,525
Less benefits paid	**(6,545)**	**-**	**(21)**	**(6,566)**	(6,084)
Accrued benefit obligation, end of year	**118,975**	**1,379**	**404**	**120,758**	116,041
Fund status - plan surplus (deficit)	**1,777**	**(679)**	**(404)**	**694**	5,198
To be funded by employee	**-**	**54**	**-**	**54**	54
Unamortized net actuarial gain	**(1,552)**	**288**	**127**	**(1,137)**	(8,010)
Accrued benefit liability (asset)	**(225)**	**337**	**277**	**389**	2,758
Current period benefit cost	**3,181**	**36**	**19**	**3,236**	2,908
Amortization of actuarial (gains) losses	**(560)**	**(57)**	**11**	**(606)**	(615)
Interest expense	**(439)**	**22**	**26**	**(391)**	(311)
Member contributions	**-**	**(12)**	**-**	**(12)**	(12)
Benefit expense	**2,182**	**(11)**	**56**	**2,227**	1,970

Actuary	Aon Consulting Inc.		
Date of most recent valuation	**Dec 31, 2005**	**Dec 31, 2007**	**Dec 31, 2005**
Discount rate (%)	**6.75**	**2.67**	**6.75**
Inflation rate (%)	**2.5**	**3.0**	**n/a**
Long term return rate on plan assets (%)	**6.75**	**6.75**	**n/a**
Rate of compensation increase (%)	**3.5**	**4.0**	**4.5**
Expected average remaining service years	**13.0**	**1.0**	**13.0**
Contribution rate as a percentage of salary:	**-**	**-**	**-**
Members	**11.33-12.83%**	**9%**	**-**
City	**11.83-13.33%**	**9%**	**variable**

b) Other benefit plans

Pursuant to union agreements eligible employees are entitled to termination payments based upon their unused sick leave or years of service.

Group life, medical and dental benefits represents the obligation for the continuation of group life insurance, dental and medical benefits for employees on long-term disability and the City's share of group life insurance for early retirees.

Retirees may continue group life insurance coverage to age 65 on a 50% cost shared basis with the City. Employee and employer premiums for continuation of group life insurance for employees on long term disability are fully funded through contributions maintained in a reserve. Medical and dental coverage for employees on long term disability is provided on a 50% cost shared basis between the employee and employer.

A group life insurance plan is administered by Saskatchewan Blue Cross on a self-insured basis, with a stop-loss provision limiting losses to claims in excess of 150% of premiums for any calendar year. The primary components of the plan are funded equally by employer and employees. Dental and Medical plans are also provided for most employees on a cost-shared or employer-funded basis.

For group life insurance, the balance of the employer and employee premiums collected in excess of claims are held in group insurance reserves, which are intended for future benefits and stabilization of premiums. The employer's portion of the obligations under the group insurance plan that will be funded from the reserves is reflected in Other Benefit Plans. Amounts held in the reserves that reflect obligations to be funded from employee contributions have been included in Accounts Payable and Accrued Liabilities. The balance of the group life insurance reserves, after reflecting the liabilities for the employee and employer share of future obligations, is 6,366. This amount has been included in Group Benefit Reserves (Note 13). A similar amount is also recorded for the group dental plan.

Actuarial valuations are performed to determine the accrued benefit obligation and the expense to be recognized in the financial statements. The results of and significant assumptions utilized in these valuations are as follows:

	Termination payments		Group life, medical and dental plans	Total 2007	Total 2006
	City employees	Library employees			
Accrued benefit obligation, beginning of year	12,229	902	4,984	18,115	18,835
Current period benefit cost	788	53	599	1,440	993
Interest on accrued benefit obligation	696	45	238	979	980
Actuarial (gains) losses	462	(9)	887	1,340	25
Less benefits paid	(742)	(32)	(204)	(978)	(2,718)
Past service cost	-	-	534	534	-
Accrued benefit liability	13,433	959	7,038	21,430	18,115
Current period benefit cost	788	53	599	1,440	993
Amortization of actuarial (gains) losses	(128)	(9)	887	750	(103)
Interest expense	696	45	238	979	980
Benefit expense	1,356	89	1,724	3,169	1,870

Actuary	Aon Consulting Inc.		Mercer Human Resources Consulting Limited
Date of most recent valuation	Dec 31, 2005	Dec 31, 2007	Dec 31, 2007
Discount rate (%)	5.50	5.50	4.50-4.85
Rate of compensation increase (%)	4.5-5.0		2.9-3.4
Expected average remaining service years	10-13	15.0	n/a

c) Other plans and arrangements

Employees are entitled to vacation pay and overtime as outlined in administrative policies and/or contractual agreements. The liability for these benefits is determined using current rates of pay and is not discounted.

Out of scope employees are contractually entitled to certain pensions and termination payments. Buffalo Pound employees are entitled to termination payments based upon years of service or unused sick leave. Benefits start to vest after 10 or 15 years of service and are recognized as expenses when they are vested.

Group Life and Dental Plans represents the liability for claims in progress and claim fluctuations under those plans at the end of the year.

d) Multi-employer defined benefit plans

The following two multi-employer defined benefit plans are for Regina Civic Employees provide benefits to employees of the City of Regina, the Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), the Buffalo Pound Water Administration Board, the Regina Public Library Board, and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan:

	Superannuation & Benefit Plan	**Long-Term Disability Plan**	**Total 2007**	Total 2006
Benefit expense	**9,725**	**872**	**10,597**	11,075
Surplus of plan assets over benefit obligation per plan financial statements	**45,948**	**11,915**	**57,863**	64,631
Contribution rate as a percentage of salary				
Members	**7.85 - 13.11%**	**1.04%**		
Employers	**7.85 - 13.11%**	**1.04%**		
City employee contributions	**8,812**	**872**	**9,684**	10,174
Date of most recent actuarial valuation	**Dec 31, 2005**	**Dec 31, 2006**		
Actuary	**Mercer Human Resource Consulting Limited**			

The contributions by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. The portion of the annual benefit costs and of the asset surpluses that are attributable to the City cannot be determined.

Accordingly, the multi-employer plans are accounted for on the defined contribution basis. No portion of the asset surpluses of the plans are recognized as assets. The benefit expense reflected in the financial statements is equal to the City's contributions for the year.

e) Defined contribution pension plan

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is a defined contribution plan. Pension fund assets are invested in marketable investments of organizations external to the City. Benefit expense is limited to the City's contributions to the plan.

	2007	2006
Casual employee members' contribution rate	**3.00%**	3.00%
Elected official members' contribution rate	**6.95%**	6.95%
Members' contributions	**232**	212
Benefit expense	**232**	212

9. LANDFILL CLOSURE AND POST-CLOSURE

Legislation requires closure and post-closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports. During 2007, as a result of engineering studies and operational changes, the expected capacity of the landfill has been increased to 11 million tonnes from 10.5 million tonnes in 2006.

	2007	2006
Estimated closure and post-closure costs over next 40 years	**37,970**	34,670
Discount rate	**5.00%**	5.00%
Discounted cost	**24,945**	22,292
Expected year(s) capacity will be reached	**2010-2011**	2009-2010
Capacity (tonnes):		
Used to date	**9,900,000**	9,600,000
Remaining	**1,100,000**	900,000
Total	**11,000,000**	10,500,000
Percent utilized	**90.00%**	91.43%
Liability based on the percentage utilized	**22,450**	20,381

The liability recognized in the financial statements is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgment. Amounts could change by more than a material amount in the long-term.

10. COMMITMENTS

The City is committed to the following payments over the next five years under operating leases and service agreements:

2008	**205**
2009	**141**
2010	**124**
2011	**117**
2012	**10**
	597

11. PROPERTY HELD FOR RESALE

Property acquired through the tax enforcement process and held for sale is recorded at the lesser of cost and the net recoverable amount. Cost is equal to the outstanding taxes including any applicable penalties, as well as the costs incurred in acquiring the land. The valuation allowance reflects a potential reduction in the carrying value that may be realized upon sale.

	2007	2006
Property held for resale	**1,023**	1,263
Valuation allowance	**(792)**	(996)
Property held for resale, net of allowance	**231**	267

Land acquired other than through the tax enforcement process and held for sale is recorded at nominal value.

Acquired property held for resale, estimated fair value	**22,089**	6,485

12. NET ASSETS (LIABILITIES)

Net assets (liabilities) represent the equity (accumulated deficit) of an organization. In determining net assets (liabilities) revenues and expenditures are recognized as they are earned and incurred, according to generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Council through its annual budget process and other policies and bylaws may fund certain amounts on a basis that differs from the expenditure recognition basis prescribed by PSAB.

Unappropriated net assets (liabilities) represent equity relating to certain entities consolidated within the City's financial statements that have not been designated for a specific use by that entity.

Appropriations for capital projects and reserves represent amounts that have been internally restricted for specific purposes.

Obligations to be paid from future revenues represent amounts that have been recognized as expenditures according to generally accepted accounting principles, that will be funded from future revenues.

Infrastructure to be funded from future service agreement fees represent infrastructure that has been constructed by the City, the costs of which are expected to be funded form future development charges.

	2007	2006 (Restated)
Unappropriated net assets:		
Regina Downtown Business Improvement District	**53**	117
Regina Regional Economic Development Authority	**245**	208
Regina Public Library	**45**	47
Regina's Old Warehouse Business Improvement District	**33**	24
Regina Pioneer Village Ltd.	**486**	1,486
Appropriated net assets:		
General capital projects	**39,651**	37,273
Utility capital projects	**13,476**	12,613
Reserves (Note 13)	**75,139**	57,806
Infrastructure to be funded from future service agreement fees:		
Roadways	**(2,477)**	(2,850)
Water, wastewater and drainage	**190**	(975)
Obligations to be funded from future revenues:		
Long-term debt (Note 7)	**(43,290)**	(53,869)
Employee benefit obligations (Note 8)	**(34,497)**	(33,440)
Landfill closure and post-closure liability (Note 9)	**(22,450)**	(20,381)
Capital lease obligations (Note 6)	**(2,207)**	(2,400)
Net assets (liabilities)	**24,397**	(4,341)

13. RESERVES

	2007	2006
City of Regina reserves:		
General fund reserve	**25,884**	18,687
General utility reserve	**13,870**	9,931
Landfill reserve	**12,798**	10,258
Winter road maintenance reserve	**2,829**	1,714
Regina Police Service general reserve	**1,207**	725
Asphalt reserve	**1,020**	773
Technology reserve	**508**	367
Social development reserve	**499**	677
Employer provided parking reserve	**492**	431
Cemetery reserve	**435**	274
Equipment replacement reserve	**358**	234
Golf course reserve	**347**	503
Regina Police Service radio equipment reserve	**144**	119
Transit equipment replacement reserve	**142**	153
Grants reserve	**71**	27
	60,604	44,873
Group Benefits reserves:		
Group life insurance reserve	**6,366**	5,932
Dental benefits reserve	**739**	549
Police pension deficit reserve	**253**	213
Police long-term disability reserve	**92**	136
	7,450	6,830
Other Entities' reserves:		
Regina Public Library reserves	**5,756**	4,789
Buffalo Pound Water Administration Board capital replacement reserve	**874**	960
Regina Downtown Business Improvement District reserve	**379**	288
Regina's Old Warehouse District infrastructure reserve	**76**	66
	7,085	6,103
	75,139	57,806

14. TAXATION REVENUE

	2007	2006
Total taxation revenue levied	**254,913**	239,145
Taxes collected on behalf of others:		
Regina School Division No. 4	**(79,446)**	(76,026)
Regina Roman Catholic Separate School Division No. 81	**(36,204)**	(34,183)
Taxation revenue	**139,263**	128,936
City of Regina		
Municipal levies	**114,620**	105,537
Grants in lieu	**7,895**	7,550
Supplementary taxes	**881**	840
Other	**1,919**	1,926
	125,315	115,853
Regina Public Library		
Taxation levies	**12,443**	11,644
Grants in lieu	**873**	818
	13,316	12,462
Regina Downtown Business Improvement District levies	**484**	493
Regina's Old Warehouse Business Improvement District levies	**148**	128
	139,263	128,936

Taxation revenues are recorded net of an allowance for uncollectible outstanding taxes and a provision for potential losses on assessment appeals outstanding. As at December 31, the following amounts are reflected in the Statement of Financial Position for these provisions:

Allowance for doubtful outstanding taxes netted against taxes receivable	**1,344**	1,292
Provision for assessment appeals included in accounts payable	**4,308**	7,001

15. GOVERNMENT TRANSFERS

	2007	2006
Operating transfers		
Federal	**1,035**	895
Provincial	**42,017**	37,330
	43,052	38,225
Capital transfers		
Federal	**11,570**	5,296
Provincial	**747**	6,994
	12,317	12,290
	55,369	50,515

Government transfers do not include grants in lieu of taxes received from the federal and provincial governments. These amounts are included with taxation revenue (See Note 14).

16. RELATED PARTY TRANSACTIONS

	2007	2006
Accounts receivable (accounts payable) include the following amounts due (to) from:		
The Regina Civic Employees' Superannuation and Benefit Plan	**537**	(350)
The Regina Civic Employees' Long-Term Disability Plan	**530**	214
Perpetual Care Trust and Williamson Driver Award	**130**	145
The Regina Police Pension Plan	**185**	249
	1,382	258
Revenues include the following amounts charged to:		
The Regina Civic Employees' Superannuation and Benefit Plan	**176**	197
The Regina Police Pension Plan	**51**	57
Perpetual Care Trust and Williamson Driver Award	**130**	145
The Regina Civic Employees' Long Term Disability Plan	**8**	8
The Chief of Police Pension Plan	**3**	3
	368	410
Expenditures include the following amounts paid to:		
The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan	-	14

17. GOVERNMENT PARTNERSHIP

The Buffalo Pound Water Administration Board operates under an agreement between the Cities of Moose Jaw and Regina. Its purpose is to operate the water treatment plant at Buffalo Pound Lake and to supply water to the two cities at cost. Any (recovery) distribution of annual operating (deficit) surplus is shared between the cities according to their respective usage.

The following is a schedule of relevant financial information as stated within the financial statements of the Buffalo Pound Water Administration Board for the year ended December 31, 2007 in thousands of dollars. These amounts represent 100% of the Board's financial position and activities:

	2007	2006
Financial assets	**3,249**	2,841
Capital assets	**74,720**	73,965
Other non-financial assets	**77**	101
Total assets	**78,046**	76,907
Financial liabilities	**2,433**	1,930
Capital replacement reserve	**1,189**	1,308
Obligations to be funded from future revenues	**(296)**	(296)
Investment in capital assets	**74,720**	73,965
Total liabilities and equity	**78,046**	76,907
Revenue	**8,222**	7,597
Expenditures	**8,340**	7,430
Net (loss) income	**(118)**	167

The above amounts are proportionately consolidated within the consolidated financial statements at 73.48% (2006 – 73.42%), the City's interest in the government business partnership. After excluding capital assets to be consistent with the City of Regina's accounting policies and eliminating transactions between the City and the partnership, the following amounts have been included in the consolidated statements:

	2007	2006
Financial assets	**2,025**	1,764
Financial liabilities	**(759)**	(537)
Non-financial assets	**57**	74
Net assets	**1,323**	1,301
Revenue	**1,116**	938
Expenditures	**5,054**	4,540

18. OPERATING EXPENDITURES BY OBJECT

	2007	2006 (Restated - Note 2)
Wages and benefits	**179,141**	168,358
Capital expenditures	**49,207**	53,563
Material, supplies and other goods	**49,524**	44,152
Contracted and general services	**25,407**	23,097
Utiltiites	**12,656**	11,888
Transfer payments	**5,231**	4,879
Interest	**2,517**	3,059
Total	**323,683**	308,996

19. FUNDS HELD IN TRUST

The City of Regina administers the following trusts. As related assets are not owned by the City, the trusts have been excluded from the consolidated financial statements. Following is a summary of the net assets of the trusts:

	2007	2006
Perpetual Care Trust	**2,562**	2,558
Williamson Driver Award	**5**	5

FINANCIAL ACTIVITIES BY ORGANIZATION

Schedule 1

(in thousands of dollars)

For the year ended December 31, 2007

	General operating	Utility operating	General capital	Utility capital	**Total City of Regina**
REVENUE					
Taxation	125,625	-	-	-	**125,625**
Fees and charges	28,165	60,433	-	-	**88,598**
Government transfers	22,333	-	11,170	1,146	**34,649**
Electrical distribution	25,378	-	-	-	**25,378**
Licenses, fines and levies	8,246	-	195	-	**8,441**
Gas distribution	8,449	-	-	-	**8,449**
Interest and penalties	6,214	249	-	-	**6,463**
Service agreement fees	-	-	3,885	1,785	**5,670**
Land sales	2,337	-	-	-	**2,337**
Other	7,851	-	1,867	-	**9,718**
	234,598	60,682	17,117	2,931	**315,328**
EXPENDITURES					
Parks, recreation and community services	29,040	-	5,723	-	**34,763**
Police	47,435	-	1,057	-	**48,492**
Legislative and administrative services	34,019	-	10,129	-	**44,148**
Water, wastewater and drainage	-	38,739	-	7,197	**45,936**
Roads and traffic	24,233	-	16,743	-	**40,976**
Fire	26,585	-	320	-	**26,905**
Transit	20,204	-	4,398	-	**24,602**
Waste collection and disposal	10,154	-	1,844	-	**11,998**
Grants	4,938	-	-	-	**4,938**
Planning and development	5,863	-	-	-	**5,863**
	202,471	38,739	40,214	7,197	**288,621**
Excess of revenues over expenditures (expenditures over revenues)	32,127	21,943	(23,097)	(4,266)	**26,707**
Increase (Decrease) in non-financial assets	1,886	-	-	-	**1,886**
Increase (decrease) in net assets	34,013	21,943	(23,097)	(4,266)	**28,593**

See accompanying notes to consolidated financial statements.

Regina Pioneer Village	Regina Downtown	RREDA	Buffalo Pound	Regina Public Library	Regina's Old Warehouse District	Consolidation adjustments	**Consolidated 2007**
-	484	-	-	13,316	148	(310)	**139,263**
6,679	54	327	5,947	1,223	-	(6,185)	**96,643**
19,670	-	611	-	973	-	(534)	**55,369**
-	-	-	-	-	-	-	**25,378**
-	-	-	-	-	-	-	**8,441**
-	-	-	-	-	-	-	**8,449**
131	-	17	94	298	-	-	**7,003**
-	-	-	-	-	-	-	**5,670**
-	-	-	-	-	-	-	**2,337**
-	-	-	1	-	-	(7,719)	**2,000**
26,480	538	955	6,042	15,810	148	(14,748)	**350,553**
27,334	511	918	-	14,807	130	(1,539)	**76,924**
-	-	-	-	-	-	-	**48,492**
-	-	-	-	-	-	(44)	**44,104**
-	-	-	6,110	-	-	(12,631)	**39,415**
-	-	-	-	-	-	-	**40,976**
-	-	-	-	-	-	-	**26,905**
-	-	-	-	-	-	-	**24,602**
-	-	-	-	-	-	-	**11,998**
-	-	-	-	-	-	(534)	**4,404**
-	-	-	-	-	-	-	**5,863**
27,334	511	918	6,110	14,807	130	(14,748)	**323,683**
(854)	27	37	(68)	1,003	18	-	**26,870**
-	-	-	(18)	-	-	-	**1,868**
(854)	27	37	(86)	1,003	18	-	**28,738**

CHANGE IN COMPONENTS OF NET ASSETS

Schedule 2

(in thousands of dollars)

For the year ended December 31, 2007

	Unrestricted	Capital projects	Reserves	Infrastructure to be funded from future service agreement fees	Obligations to be paid from future revenues	TOTAL
OPENING BALANCE	6,644	49,886	57,806	(3,825)	(100,137)	**10,374**
Accounting change - Note 2	(4,762)				(9,953)	**(14,715)**
OPENING BALANCE, RESTATED	1,882	49,886	57,806	(3,825)	(110,090)	**(4,341)**
Increase (decrease) in net assets	56,101	(27,363)				28,738
Funding transfers:						
To reserves	(34,443)		34,443			
To capital projects	(16,653)	16,653				
From reserves to capital projects		17,110	(17,110)			
Changes in amounts to be funded in the future:						
Decrease in unfunded employee benefit obligations	923				(923)	
Increase in unfunded landfill liability	3,690	(1,621)			(2,069)	
Infrastructure costs in excess of service agreement fees revenue		(1,538)		1,538		
Repayment of long-term debt	(10,579)				10,579	
Net increase in capitalized lease obligation	(193)				193	
NET CHANGE	(1,154)	3,241	17,333	1,538	7,780	**28,738**
ENDING BALANCE	728	53,127	75,139	(2,287)	(102,310)	**24,397**

See accompanying notes to consolidated financial statements.

General Trust

Deloitte

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Canada

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Auditors' Report

To: His Worship the Mayor and Members of City Council

We have audited the statement of financial position of the General Trust Fund as at December 31, 2007 and the statement of revenue, expenditures and change in fund balance for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Trust Fund as at December 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
June 11, 2008

General Trust Fund

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31, 2007

	Perpetual Care Trust	Williamson Driver Award	Total 2007	Total 2006
ASSETS				
Cash	7	-	**7**	3
Long-term investments (note 4)	2,685	5	**2,690**	2,705
	2,692	5	**2,697**	2,708
LIABILITIES AND FUND BALANCE				
Due to the City of Regina	130	-	**130**	145
Fund balance	2,562	5	**2,567**	2,563
	2,692	5	**2,697**	2,708

See accompanying notes.

General Trust Fund

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE

(in thousands of dollars)

For the year ended December 31, 2007

	Perpetual Care Trust	Williamson Driver Award	Total 2007	Total 2006
Revenue				
Contributions	4	-	**4**	4
Investment income	130	-	**130**	145
	134	-	**134**	149
Expenditures				
Cemetery maintenance	130	-	**130**	145
	130	-	**130**	145
Excess of revenue over expenditures	4	-	**4**	4
Fund balance, beginning of year	2,558	5	**2,563**	2,559
Fund balance, end of year	2,562	5	**2,567**	2,563

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars)

December 31, 2007

1. PURPOSE OF FUND

The General Trust Fund contains the assets, liabilities, revenues and expenses of the following two trusts administered by the City of Regina:

(a) Perpetual Care Trust - In accordance with *The Cemeteries Act, 1999*, a portion of the monies received by the City of Regina from the sale of cemetery plot rights is put into a trust and invested. The income of the trust is used to pay for care and maintenance of the plots and special approval is needed from the Registrar of Cemeteries before trust capital can be used to fund care and maintenance.

(b) Williamson Driver Award - When a bond was bequeathed to the City of Regina with trust conditions attached a trust was established under *The Trust Act*. Each year the income from the bond is used to provide a safe-driving award to a Regina Transit employee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The following policies are considered to be significant.

(a) The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and use assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(b) Investments are recorded at cost less writedowns to reflect permanent declines in values. Any gains or losses on the investments are recognized on disposition of the investments.

(c) Investment revenue is recorded on the accrual basis.

3. FINANCIAL INSTRUMENTS

The carrying value of the amount due to the City of Regina approximates fair value due to its short-term nature.

Long-term investments are primarily exposed to foreign currency, interest rate, and market risk.

Interest rate risk refers to the adverse consequences of interest rate changes on the General Trust Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the General Trust Fund's assets and liabilities.

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments held in the pooled bond fund.

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

December 31, 2007

4. LONG-TERM INVESTMENTS

The long-term investments consist of a pooled bond fund. A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

	2007	2006
Investment cost	**2,690**	2,705
Market value	**2,655**	2,707

5. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared for the year ended December 31, 2007, as it would not provide additional information.